

U.S. Panel Asserts Deadlock Is Broken On Tax Revision



Dan Rostenkowski

Ex-SS Officer Inrepentant, Article Says

By James M. Markham

BRUNN — A West German magazine said Monday that it had interviewed and photographed Alois Brunner, 73, a former SS officer who is held responsible for deporting more than 120,000 Austrian, French, Slovakian and Czech Jews to Nazi death camps. The interview with Brunner, a Munich weekly magazine, took place in Syria, where Mr. Brunner has been living in exile for decades. In the article, which will be the first of a series, Mr. Brunner is quoted as saying he has "no bad conscience" for his acknowledged role in organizing the roundup and transport of European Jews to Auschwitz and other death camps. The magazine also reported Mr. Brunner making an apparently rhetorical appeal to face an international tribunal.

"Only Israel will never get me," Brunner reportedly said, "I will not become a second Eichmann." To demonstrate that he would allow himself to be kidnapped, as was Adolf Eichmann by Israeli agents in 1960, Mr. Brunner called a poison capsule from his pocket. "I've taken care," the magazine said, "to make sure I have it with me." Since the apparent confirmation of Brunner's death in 1979 of Josef Mengele, the SS physician, Mr. Brunner has figured at the top of many criminal lists of Nazi war criminals. The former SS Hauptsturmführer was a longtime associate of Hermann Goering.

(Continued on Page 4, Col. 8)

By David R. Rosenbaum

WASHINGTON — After an intense weekend of meetings that began amid talk that tax revision would be scuttled, members of the House Ways and Means Committee said that they had broken the stalemate and would be able to produce a bill this year.

Representative John J. Duncan of Tennessee, the panel's ranking Republican, shaped the chairman's confidence, although Mr. Duncan said he was not sure he personally would support the legislation. "I definitely think we can have a bill out of here this year," Mr. Duncan said.

The House Democratic leadership has set aside the first week in December for a tax debate by the full House of Representatives. Mr. Rostenkowski said he expected to meet that deadline.

The Senate will not act on taxes this year, but Senate leaders have promised to consider the issue in 1986 if the House sends them a bill this year.

President Ronald Reagan has made tax revision the top legislative priority of his second term. In recent months, he has made several speeches around the country promoting his tax plan, but the public's response to it seemed generally lukewarm.

The sense of progress resulted not so much from the actual votes the committee took over the week, but as from a perception by committee members that political deals had been cut on the toughest issues.

These include the deductibility of state and local taxes, the taxation of fringe benefits and the rules for business depreciation. The Ways and Means Committee took these steps Sunday.

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Police Minister Haim Bar-Lev congratulated Prime Minister Shimon Peres after Mr. Peres told the parliament Monday that he stood by an offer to Jordan for peace talks without preconditions. Trade Minister Ariel Sharon, who opposes it, is in the foreground.

Opposition Gatherings Are Banned In Tightening of Cape Town Curbs

Compiled by Our Staff From Dispatches

JOHANNESBURG — The South African government has tightened restrictions on the Cape Town area, banning 102 opposition groups from holding meetings without police permission and making it illegal for students to be on the streets during school hours.

Police, meanwhile, said two more people were killed in anti-apartheid rioting last Sunday and Monday in Cape province.

The government measures, announced Sunday night, affect local affiliates of the United Democratic Front, a multiracial anti-apartheid coalition, and numerous black consciousness groups.

They also make it a crime to carry gasoline in a container or siphon it from cars. Gasoline bombs have been used frequently by protesters to attack police and other vehicles.

Bans on meetings were already in effect in the other areas. There were these other developments:

- The heads of some of the largest U.S. corporations, including Exxon and IBM, have placed a full-page advertisement in South African newspapers supporting a call last month by 91 South African business leaders for an end to statutory race discrimination and for other major changes.

The advertisement, placed by the U.S. Corporate Council on South Africa, was signed by W. Michael Blumenthal, chairman of the Burroughs Corp., and a former secretary of the U.S. Treasury, and by Roger B. Smith, chairman of General Motors. It bore the names of 52 U.S. business leaders whose corporations have interests in South Africa.

A leading Afrikaans-language newspaper reported that the government might take "swift action" against foreign journalists during the next few weeks. Rapport, a Sunday paper that has good sources inside the government, said police believed that foreign correspondents were presenting a "false image" of South Africa.

The home affairs minister, Stoffel Botha, announced that he would block a group of seven clergymen from making a planned visit to Zambia to meet with leaders of the African National Congress, the most prominent of the exiled guerrilla movements fighting white minority rule.

In a statement released Monday in Pretoria, Mr. Botha said: "No South African citizen should negotiate with an enemy."

A delegation of white businessmen and the leader of the opposition Progressive Federal Party made such trips in September and early October, ignoring government protests that they were "disloyal."

The government revoked the passports of eight white university students who had been in the country for the past few weeks. Rapport, a

Hussein, in Showdown, Has Talks With Arafat

Peres Repeats Offer of Talks

By William Claiborne

JERUSALEM — Prime Minister Shimon Peres urged King Hussein of Jordan on Monday not to miss an opportunity for peace presented by a "dynamic situation" created by recent events in the Middle East.

While continuing to rule out participation by the Palestine Liberation Organization in Jordanian-Israeli peace talks, Mr. Peres, in a speech to the Knesset, repeated his offer of a "limited international forum" to begin negotiations with a delegation of Jordanians and moderate Palestinians.

After threats by the rightist Likud faction of his fragile coalition to precipitate a cabinet crisis over his peace initiative, Mr. Peres said that he stood by "every word" that he had said before the United Nations General Assembly last week. In that speech, he offered direct peace talks with Jordan without prior conditions.

Leaders of the Likud bloc, who met with the prime minister earlier Monday, said they would not oppose a motion supporting Mr. Peres' report to the parliament. The Likud had complained that Mr. Peres' peace offers had violated the agreement that led to the formation of the bipartisan National Unity government last year.

When members voted Monday night, 68 voted to endorse Mr. Peres' speech, 10 voted against and 10 abstained.

A no-confidence motion submitted by the five-member Tehiya Party, which opposes any negotiations on the occupied West Bank and Gaza Strip, was defeated, 86-6, with three abstentions.

In a conciliatory tone directed at the Jordanian monarch, Mr. Peres promised that Israel "will listen to every Jordanian proposal" and would open negotiations without preconditions.

"I call on King Hussein that we continue working together not to miss the opportunity that has been created," Mr. Peres declared. "I call on the Palestinians not to be led astray by the glitter of terrorism, and to seize the chance for a fair and realistic solution."



Yasser Arafat

Ultimatum To PLO Seen

By John Kifner

AMMAN — King Hussein and Yasser Arafat met Monday night in a confrontation that could determine the future of Middle East peace efforts.

Increasingly irritated by a series of Palestinian Liberation Organization misadventures, ranging from the Achille Lauro cruise liner hijacking to the collapse of a meeting between PLO representatives and British officials in London, the king was determined, Western sources said, to deliver an ultimatum to the PLO leader.

A Jordanian statement after the meeting said: "Both sides reviewed the latest developments and made an objective evaluation of the recent developments and of their impact on the joint Jordanian-Palestinian moves."

They also discussed means to neutralize the negative effects of the recent developments and to avoid the repetition of similar incidents in the future.

Mr. Arafat said without elaboration that the meeting was "successful, constructive."

King Hussein said last week that, in this meeting, he would "probably have the chance to have a very, very frank discussion with Arafat."

According to Western diplomats, and Jordanian and Palestinian sources, the king was so irritated that he was considering threatening to drop the PLO from his initiative to force Mr. Arafat to make a flat statement renouncing violence and recognizing Israel.

The sources said, however, that they believed the king's peace initiative would lack authentic Palestinian representation if the PLO were excluded and that it would be difficult to find other Palestinian representatives who could make a claim to legitimacy.

Further, they said they believed that such a move could set off another wave of violence in a region already racked by terrorism. "This is the real crunch point," said a Western diplomat Monday. "Both sides are seeing it as that."

After more than two hours of discussions with King Hussein, Mr. Arafat went to the Intercontinental Hotel for conferences with his associates.

On his recent visits to Amman, Mr. Arafat has had the use of the official guest house and a series of heavily guarded Palestinian safe houses.

Diplomatic speculation on the outcome of the Hussein-Arafat meeting here ranged from dropping Mr. Arafat and the PLO from the king's peace process to the possibility of a vague statement that would disguise differences between Mr. Arafat and King Hussein.

To varying degrees, the king and the PLO need each other in the peace initiative, diplomats noted. They said that the essential question in showdown was: who would blink first?

Asked what would happen if Mr. Arafat refused to accept the commitments the king was seeking, a key Jordanian adviser said, referring to Mr. Arafat:

"In this case, he is announcing he cannot go along with the peace process and then the Palestinians themselves would have to choose a new leader."

"If he wants to do something he can do it," the adviser continued, dismissing the rationale of Mr. Arafat's problems with a divided PLO.

But, he added pointedly, "No body is indispensable."

The tension between the king and Mr. Arafat has been a long time coming. (Continued on Page 4, Col. 7)

Some Astronauts Are Bailing Out 8 Leave in 16 Months as Rigorous Schedule Takes Toll

By Thomas O'Toole

WASHINGTON — When John M. Fabian, a veteran astronaut, won his third assignment aboard the space shuttle five months ago, he was ecstatic. He would be aboard the first shuttle carrying a cargo destined for another planet, Jupiter, in May 1986.

But two months later, Colonel Fabian gave up his mission and resigned from the astronaut corps. The job, he said, was putting too much pressure on his family life.

Colonel Fabian was the eighth astronaut to resign in 16 months, a sign that perhaps not all is well at the pinnacle of the U.S. space program. At the least, the eight resignations suggest that the workaholic way of life of an astronaut may have begun to diminish some of its glamour.

Colonel Fabian's resignation was so unexpected that it shocked the entire astronaut corps, whose spirit and solidarity is said to be second to none.

"A person can only continue to be an astronaut a certain length of time and that's it," Colonel Fabian, an air force officer and seven-year veteran of the astronaut corps, said in an interview. "So I came home one night and told my wife, 'I put the job first for 24 years and I'm not doing it anymore. I quit.'"

"There's a payoff to astronauts working 16-hour days, six or seven days a week, and that is they get to fly in space," Colonel Fabian said. "Their families don't get that payoff. All they see are the missed dinners and the trips out of town to Cape Canaveral or some contractor's factory in California."

The eight resignations are considered a wave in the astronaut corps, where one resignation a year has been the average for 20 years.

Besides Colonel Fabian, the space agency in the last 16 months has lost Joseph P. Allen, Terry J. Hart, William Lenoir, Jack Lousma, Thomas K. Mattingly, Donald Peterson and Richard H. Truly. All eight were veterans in the

prime of their careers whose combined spaceflight experience covered 12 of the 21 shuttle missions flown.

James M. Beggs, administrator of the National Aeronautics and Space Administration, asked if he found the resignations troubling, said: "Yes, especially the younger guys like Allen and Fabian who will have a lot of years left on them." Colonel Fabian is 44 and Mr. Allen, 45.

Mr. Beggs said: "We've now begun to lose the guys we've educated and trained to do the most difficult things we do, like spacewalks. And if this trend starts to increase, it's going to disturb me."

Colonel Fabian, explaining his family pressures, said his son just graduated from the Air Force Academy and his daughter started college this fall in upstate New York, leaving his wife home alone for the first time in years.

He said: "I came home one night and my wife told me, 'I'm ready to quit.'"

(Continued on Page 4, Col. 1)



IMPASSE OVER SOVIET SAILOR — U.S. officials met with a Soviet sailor who reportedly wants to defect, but they still have not won Soviet permission to interview the man privately, the State Department said Monday. A Soviet official, foreground, was taken to the sailor's ship, in background, on the Mississippi off Belle Chasse, Louisiana, to speak with the sailor. The man jumped ship Friday and U.S. officials sent him back.



CHAMPS — George Brett, left, Bret Saberhagen hail Royals' 11-0 victory to take the World Series. Page 17.

INSIDE

■ The nine paintings stolen from the Marmottan Museum in Paris, valued at \$10 million, were uninsured. Page 2.

■ Jean-Marie Le Pen has proven his durability as leader of the far right in France. Page 2.

■ A Sicilian prosecutor found no grounds to investigate the air base confrontation between U.S. and Italian troops. Page 4.

■ The Soviet and U.S. navies are competing for dominance in the Pacific. Page 3.

■ An Argentine court reversed rulings by civilian judges freeing three detainees. Page 6.

■ Shootings in Punjab marred peacekeeping efforts in the Indian state. Page 6.

BUSINESS/FINANCE

■ Chrysler said its third-quarter earnings rose 21 percent, setting a quarterly record. Page 9.

■ Minebea Co. of Japan plans to merge with a subsidiary to ward off a takeover bid by two foreign companies. Page 9.

Young and Poor: A Growing Class in U.S.

By Andrew H. Malcolm

New York Times Service

NEW YORK — Complex social, economic and political factors are combining to create a vast new class of poor Americans who are much younger, less educated and more likely to give birth sooner than recent generations of the poor.

The development of a growing mass of politically silent, poor youth in an affluent nation that is experiencing continued economic expansion is described by some experts as a virtual social revolution with unpredictable financial and political ramifications.

But the phenomenon, which touches every state and racial group to varying degrees, has received little serious political notice in comparison to the attention given to providing for the elderly and curtailing domestic spending.

Senator Daniel Patrick Moynihan, Democrat of New York, said: "The U.S. today may be the first society in history where children are much worse off than adults. It is time we realized we have a problem of significant social change in this country unlike anything we

have experienced in the past. And we are completely ignoring it."

For decades, aid for the poor has received intermittent attention in Washington. Now, some government experts and many private analysts are expressing concern about the wide implications of creating new generations of poor youths.

The reasons are many and complex and, according to a number of experts, are tied to certain government policies and deep social changes that spending will not easily cure.

Some of the factors are shown in statistics from a variety of government and private social agencies:

■ About 13.8 million Americans under the age of 18 live in poverty; this is 22 percent, up from 14.3 percent in 1969-70. Forty-eight percent of all black children live in poverty, up from 39.6 percent in 1969. The federal government de-

fines the poverty level for a family of four this year as an income of \$10,650.

■ Poor white children outnumber poor black children two to one, but while blacks comprise only 15 percent of all children, they equal 32 percent of all poor children.

■ Children living with a mother in a single-parent home were four times more likely to be poor than those in two-parent homes, but recent child poverty rates actually grew more rapidly in two-parent homes. Of the 790,000 families who fell into poverty from 1981 to 1983, 430,000 of them were in households with two parents.

■ One-sixth of all children below the government poverty level, about 2.5 million, are living in poverty despite the fact that at least one adult in the family holds a full-time job.

■ While government programs

and considerable spending have significantly reduced poverty among elderly Americans, the number of poor American children has increased by more than three million since 1968 while government spending on their problems, when the effects of inflation are taken into account, has declined.

Taxes paid by many poor people have increased.

■ Only 22 percent of all American children live in families headed by women, but more than half of all poor children live in such households. This is twice the 1959 rate.

■ With parents' marital status possibly a key determinant of a child's poverty, both the number and rate of births to unmarried teen-agers have been increasing. The biggest increase has been in the District of Columbia, where 88 percent of all teen-age mothers in 1982 were unwed, virtually guaranteeing mother and child a long experience with poverty.

These and other developments take on particular meaning in contrast to the number of elderly Americans considered to be impoverished.

(Continued on Page 4, Col. 3)

Japan Announces Shake-Up of Top AL Management

Compiled by Our Staff From Dispatches

TOKYO — Prime Minister Yasuhiro Nakasone announced a shake-up of Japan Air Lines management on Monday, saying that leadership problems contributed to the JAL jet crash Aug. 12 that killed 520 people.

"Bad relations between the management and labor have caused the morale of employees to decline, and this was partly responsible for the crash," Mr. Nakasone said. He did not elaborate.

Named to succeed Yasumoto Takagi, who offered to resign as president after the crash, was Sumio Yanagi, an adviser to JAL. The airline vice president, Naoshi Machida, will be succeeded by Matsuo Toshimitsu, president of Nikko Shoji Co., a JAL trading subsidiary. Junji Ito, chairman of Canebo Co., will become vice chairman to succeed Nishichiro Hanamura, chairman of the board.

Japan Air Lines is 35-percent owned by the government, and the new appointments are subject to cabinet approval. (UPI, Reuters)

Le Pen: France's Durable Extremist

Rightist Leader Rebounds After a Rash of Accusations

By Michael Dobbs
Washington Post Service

PARIS — By normal political standards, it should have been a disastrous string of events for Jean-Marie Le Pen, leader of the National Front, an extreme-right nationalist party that has challenged the mold of French politics.

In rapid succession, the 56-year-old former paratrooper was accused by his one-time best friend of racism, torture and benefiting from a multimillion-dollar inheritance swindle. He landed in trouble with the tax authorities. And he was barred from appearing on France's leading radio station because of allegedly insulting remarks about four journalists of Jewish origin.

To cap it all, he got divorced last week from the woman to whom he had been married for 25 years. Pierrette Le Pen depicted her former husband as a stingy liar who hated women.

Perhaps the most remarkable aspect of all this is that, so far at least, it does not seem to have damaged the National Front leader in the eyes of his supporters. With five months to go before legislative elections, polls consistently give his party around 10 percent of the vote.

Mr. Le Pen's electoral platform is based on vitriolic opposition to immigration, a strong sense of French chauvinism and calls for law and order. He seems to thrive on controversy. A large part of his success derives from his skill in presenting himself as a victim of a conspiracy of establishment politicians and the news media.

"How does one deal with Jean-Marie Le Pen?" asked the Paris newspaper *Le Monde*, a question echoed by an increasing number of his political opponents. "Attack him and he appears as a martyr for a part of public opinion. Ignore



Jean-Marie Le Pen

him and he continues, quietly but surely, on his path."

Mr. Le Pen is aiming to win up to 50 seats in elections for the National Assembly on March 16. Such an outcome could leave the moderate rightist parties with the choice of governing with the support of extremists or striking a deal with the Socialists.

Regarded a few years ago as a marginal grouping of several thousand political activists, the National Front won nearly 11 percent of the vote in elections for the European Parliament in June 1984. This unexpected performance put it almost even with the traditionally much stronger Communist Party.

Mr. Le Pen's continuing electoral appeal was illustrated by a recent television appearance that was watched by an estimated 14 million viewers, a quarter of the population, just a day after a slashing attack on his integrity by his former political confidant, Jean-Maurice Demarquet.

In an interview in *Le Monde*, Mr. Demarquet depicted the National Front as "a planet of the

apex" headed by a "paranoid pasha." Mr. Le Pen responded in the television talk show by describing Mr. Demarquet, who until recently was his personal doctor, as a "notorious lunatic."

The Demarquet interview revived old allegations that Mr. Le Pen had personally tortured suspected members of the Algerian National Liberation Front during France's last colonial war. His most sensational accusations, however, concerned the murky circumstances in which Mr. Le Pen inherited a chateau outside Paris from a cement tycoon, Hubert Lambert, in 1976.

Mr. Demarquet told *Le Monde* that he had been asked by Mr. Le Pen to treat Mr. Lambert, a political sympathizer, for alcoholism and drug abuse. Alleging that his former patient had been "completely manipulated" by Mr. Le Pen, he said it was "strange" that Mr. Lambert had died shortly after altering his will in favor of the National Front leader.

Asked if he was implying that Mr. Le Pen was directly responsible for Mr. Lambert's death, Mr. Demarquet said, "There is no crime more perfect than making a terminal alcoholic drink."

In his television appearance, Mr. Le Pen said that he intended to sue Mr. Demarquet and *Le Monde* for slander. Reacting to his former friend's catalogue of allegations, he joked: "And what about the Mexican earthquake? I suppose I was responsible for that, too."

Part of Mr. Le Pen's success as a politician, according to French commentators, has stemmed from the way he has been able to mask extremist positions on such issues as race relations and immigration by a jovial, good-natured appearance.

Polls conducted immediately after Mr. Le Pen's appearance on "L'Heure de Vérité," or the "Hour of Truth," France's most popular political television show, indicated that there was still considerable support for some of his ideas.

About 48 percent of those polled were reported to approve his call for a referendum on helping immigrants return to their home countries.



The Greens delegate, Joseph Fischer, right, is hugged at the special congress by Daniel Cohn-Bendit, leader of the May 1968 student uprising in Paris. Mr. Fischer will become the first Greens minister in West Germany.

Greens Will Join Coalition

In Hesse State Government

New York Times Service

NEU-ISENBURG, West Germany — The Hesse state chapter of the anti-nuclear Greens Party has voted in favor of entering a governing coalition with the Social Democratic Party, the first of its kind in West Germany.

At a special congress on Sunday in Neu-Isenburg, a Frankfurt suburb, a majority of about 3,000 delegates approved a coalition agreement that would give Hesse a Greens environment minister, Joseph (Josi) Fischer, 37.

"Our decision today will decide the future of the entire Green movement," predicted Hubert Kleinert, a Green member of the state legislature and a coalition proponent. The vote was confirmation of a decision earlier this month to form such a coalition.

With other delegates, Mr. Kleinert warned the congress that the alternative was the collapse of Hesse's Social Democratic minority government and new elections in which the Greens would be blamed for making the state ungovernable.

The prospect of a coalition between the Social Democrats and the Greens has been criticized by Chancellor Helmut Kohl's Christian Democrats and prompted threats from industrialists to freeze investments in Hesse.

NATO Support Is Sought

On U.S. Arms Allegation

Reuters

BRUSSELS — The U.S. defense secretary, Caspar W. Weinberger, will press other NATO defense ministers Tuesday to endorse American charges that the Soviet Union is violating arms control agreements, sources within the North Atlantic Treaty Organization said Monday.

Mr. Weinberger is expected to present evidence of his allegations of widespread Soviet violations

when he opens a two-day meeting of the nuclear planning group at NATO headquarters here.

The issue is central to a debate within the Reagan administration over positions for the U.S.-Soviet summit meeting in Geneva three weeks from now.

The NATO allies are likely to balk at anything more than a qualified expression of concern about "treaty violations reported by the United States," the sources said.

Mr. Weinberger stepped up his campaign last week by accusing the Soviet Union of deploying a new intercontinental missile, the SS-25, in violation of the 1979 SALT-2 strategic arms accord, which the U.S. Senate never ratified. The Kremlin has denied that the deployment was a violation.

NATO has never directly accused the Soviet Union of breaking arms control treaties, although communications have referred to such charges by the United States.

Officials expect Mr. Weinberger to bring evidence about the SS-25, a mobile, single-warhead rocket that Washington says is new but Soviet officials say is a modern version of the SS-13.

West German sources said that Washington fears that the SS-25 could carry multiple warheads.

The Brussels meeting will also provide the last NATO tally of Soviet SS-20 medium-range missiles before the Dutch government decides on Friday whether to accept 48 U.S. cruise missiles.

■ Pullback of Atomic Mines
NATO has decided to withdraw all of its 300 atomic land mines from Europe, The Associated Press quoted West German Defense Ministry officials in Bonn as saying Monday. The removal is expected to be announced at the Brussels meeting starting Tuesday.

By withdrawing the 300 mines, officially called "atomic demolition munitions," NATO will be following through on a 1982 decision to remove 1,400 tactical nuclear warheads from Europe.

Peace Pact

For Lebanon

Gets Support Of Christians

Reuters

BEIRUT — Two key Christian leaders expressed approval Monday for a peace accord aimed at ending nearly 11 years of civil war in Lebanon.

A Moslem militia, meanwhile, announced that its fighters would withdraw from Beirut's Green Line battlefront as the first step toward carrying out the accord. Details of the agreement, negotiated in Damascus, have not been published.

The Christian leaders who had earlier voiced reservations about the accord, former President Camille Chamoun and President Amin Chamoun, said, and Mr. Chamoun said that they had agreed that it was "in the interest of Lebanon and the Lebanese people."

Two weeks ago, Mr. Chamoun denounced the proposed abolition of the country's sectarian power-sharing system that ensures Christian domination.

The small but influential pro-Syrian Arab Ba'ath Party announced that the al-Assad Brigade would withdraw Tuesday from a Green Line position where it confronts Christian forces. The force is named after President Hafez al-Assad of Syria.

The withdrawal of the force was "the beginning of the settlement phase, to freeze the situation and reopen the confrontation lines," said the Ba'athist leader, Assem Kanso.

The Ba'athists were not represented at the Damascus talks, but their announcement came as the main Christian, Druze and Moslem Shiite militias that negotiated the accord began trying to persuade doubters in their communities to accept it.

Nabih Berri, chief of the mainstream Shiite militia Amal, said that the next step was a national conference "which represents the real framework and guarantee, under Syrian auspices, for implementing what has been agreed upon."

He said the conference should include all pro-Syrian Moslem and leftist parties as well as the Maronite Christian Lebanese Forces militia and independent figures from all factions and religious sects.

Mr. Chamoun's backing for the Damascus agreement came after a representative of the Lebanese Forces chief, Elie Hobeika, briefed him on the accord.

Mr. Chamoun, who was excluded from the Damascus talks along with Mr. Gemayel, appeared to withdraw his earlier opposition to the abolition of sectarian power-sharing, which has given the Christians a dominant political role since independence in 1943.

"I am satisfied, but only to a degree, because one has to be very cautious of any possible mistake," he said.

The proposed change has caused ferment among Christians, but Mr. Hobeika has said that Lebanon must have a secular system. The accord is believed to propose a three-year transition.

Increased Safety

Urged at Meeting Of World Airlines

Reuters

HAMBURG — The world's major airlines, reviewing one of the worst years on record for accidents, opened a meeting Monday by considering calls for stricter measures to improve safety and deter attacks by extremists.

But some delegates to the three-day annual conference of the International Air Transport Association, which groups major carriers, said steps to improve safety and combat the risk of guerrilla attacks would increase costs and result in higher fares.

About 1,500 people have died this year in airline disasters or in attacks by guerrillas on aircraft.

Other increasing costs were cited at the meeting. The chief executive of the British Airways, Colin Marshall, said fuel prices at Heathrow imposed "a burden on our cost structure and fares will have to rise."

The association's annual report noted that airlines will need to buy at least 4,000 planes by 1993, about 1,800 of them to replace existing aircraft. "The investment will be between \$150 and \$200 billion," it said.

WORLD BRIEFS

2 Plead Guilty in U.S. Navy Spy Case

BALTIMORE (UPI) — John A. Walker Jr., 48, pleaded guilty Monday to espionage and will face life in prison as part of a plea-bargain agreement with the federal government. Minutes later his son, Michael, 21, pleaded guilty and will face a 25-year sentence on similar charges.

The father is expected to receive the maximum term for peacetime spying. But according to his deal with the government, his son will receive a lighter sentence. Under terms approved by District Judge Alexander Harvey 2d, the father pleaded guilty to passing secrets to the Russians from 1968 to 1985. The son pleaded guilty to separate counts.

The agreement provides for the father to cooperate in the prosecution of another alleged member of the ring, Jerry A. Whitworth, Mr. Walker's brother, Arthur, 50, already has been convicted and is awaiting sentencing. John A. Walker Jr.'s lawyer said his client would be eligible for a parole hearing in 10 years and the younger Walker in eight years.

British Spy Trial Ends in 7 Acquittals

LONDON (Reuters) — The longest and costliest espionage trial in British history ended Monday when a jury acquitted all seven defendants on all charges, a setback for Prime Minister Margaret Thatcher's officials.

The jury at the Old Bailey cleared the last two, including the alleged ring-leader, Geoffrey Jordan, on the 119th day of a trial that is estimated to have cost £5 million (\$7 million). Prosecutors had accused the seven servicemen of passing secrets to Soviet agents while serving in Cyprus after being blackmailed over homosexual orgies.

Mrs. Thatcher and her law chiefs, headed by Attorney General Sir Michael Havers, now face attack in Parliament over what critics called the fiasco of a prosecution based on flimsy evidence and forced confessions. The case will also revive demands for the repeal of the 1911 Official Secrets Act under which the men were prosecuted. It is the second time this year that a major prosecution under the act has failed. In February a senior civil servant was cleared even though he admitted passing confidential documents to a newspaper.

Sakharov's Wife Reportedly Gets Visa

HAMBURG (AP) — Soviet authorities reportedly have told Yelena G. Bonner, wife of the Soviet dissident Andrei D. Sakharov, that she can leave for the West "immediately" to get medical treatment, a newspaper reported Monday. The report's accuracy could not be confirmed independently.

The mass-circulation daily *Bild*, quoting sources in Moscow, said Mrs. Bonner, 60, was told by the Soviet police a few days ago that she could "fly immediately to wherever she wants." *Bild* quoted its Moscow sources as saying Mr. Sakharov and Mrs. Bonner were "overjoyed at the sudden exit permit."

Mr. Sakharov, a physicist who was the Nobel Peace Prize laureate in 1975, had gone on several hunger strikes to win a visa for his wife, who reportedly has an eye ailment that could blind her. *Bild* said he was on another fast when permission came for the visa. Mr. Sakharov and his wife were sent to internal exile in the closed city of Gorki in January 1980.

Sudanese Rebels Urged to Negotiate

CAIRO (Reuters) — General Abdel Rahman Swareddahab, the Sudanese leader, said Monday he could not wait long for the southern rebel leader, Colonel John Garang, to discuss an end to the country's two-year-long bush war.

At a news conference ending a three-day visit to Egypt, General Swareddahab said: "We have invited Garang to come and start peace talks. If he does not, we cannot wait long for him. Other parties in the south are interested in finding a solution for the southern problem," he said without naming them.

His remarks followed reported attacks by Colonel Garang's Sudanese People's Liberation Army despite a two-week truce announced Oct. 19. In the latest incident, the government said 14 soldiers died in an ambush.

Hurricane Batters the U.S. Gulf Coast

NEW IBERIA, Louisiana (AP) — A hurricane battered the U.S. coast of the Gulf of Mexico with winds of 85 mph (about 136 kph) Monday, throwing offshore oil rig workers into heavy seas and toppling a rig. Rescuers on helicopters tried to save the workers, but nine of them were missing.

Thousands of people were forced from their homes by the late-season storm, designated as Juan, which grew quickly and took residents by surprise. Hundreds more were stranded. Eighty rig workers were fleeing in escape capsules, special 30-foot (11-meter) fiberglass shell lifeboats when one rig collapsed onto another. In addition, a boat with nine persons aboard sent out urgent pleas for assistance as it listed at 45 degrees.

Two deaths were blamed on the storm. A Coast Guard spokesman said the missing included five workers who were aboard the toppled oil rig.

Uganda Offers Rebels Role in Council

NAIROBI (Reuters) — Uganda's military government has offered the rebel National Resistance Army equal representation on the ruling Military Council, a demand that has been a main sticking point in peace negotiations, Radio Uganda said Monday.

The official radio, monitored in Nairobi, said the offer was made at peace talks resumed Monday in Nairobi after a three-week recess. The radio quoted a spokesman for the government delegation to the talks as saying the Military Council had decided to offer the rebels seven seats on an enlarged council on which the present rulers also would have seven seats.

The radio also said that the government had offered the vice chairmanship on the council to the rebels. It was not known if the rebels had accepted the offer.

For the Record

A former Thai prime minister, Kriangsak Chavanon, 67, and seven other retired military officers and labor leaders pleaded not guilty Monday in Bangkok to charges of conspiring to overthrow the government in last month's abortive coup.

Governor Mario M. Cuomo has ordered officials in New York City to start closing homosexual bathhouses in a campaign to curb the spread of acquired immune deficiency syndrome.

Correction

Because of an editing error, the name of the painter of the huge canvas covering the facade of the Musée d'Orsay in Paris was given incorrectly in weekend editions of the *Herald Tribune*. It should be Jean Verme.

9 Paintings Stolen in Paris

Weren't Insured by Museum

By Judith Miller
New York Times Service

PARIS — France started a worldwide search Monday for nine celebrated Impressionist paintings stolen from the Marmottan Museum in Paris.

Meanwhile, police and museum representatives said that none of the paintings was insured.

Police spokesmen said that an alert and a description of the stolen paintings had been issued to all French border police, customs officials and foreign police forces.

Five gunmen held up guards and museum visitors, carrying out the theft in broad daylight in about five minutes Sunday morning.

The works stolen included Pierre-Auguste Renoir's "The Bathers" and Claude Monet's "Impression: Sunrise," which gave the Impressionist movement its name.

At a news conference, Jean-Claude Vincent, chief of the police division that specializes in art

thefts, noted that such thefts in broad daylight were extremely rare. There had only been three such cases in France since 1963, he said.

"Only rarely do art thieves work for collectors," Mr. Vincent said. "Most of the thefts are to blackmail insurance companies; these efforts have usually failed in France."

Some officials at Interpol, the international police organization, said they believed that recent art thefts were contracted by political groups seeking priceless art works to exchange should a member of their organization be apprehended or another emergency occur.

Apart from the status of the investigation, questions about why the paintings were uninsured dominated accounts in the French press.

An art broker who asked not to be identified estimated that the Marmottan would have to spend at least \$750,000 a year in insurance premiums to cover its collection.

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Tough Regimen Takes Toll Among Astronauts in U.S.

(Continued from Page 1)

move out of Houston this year and I hope you are ready to move with me. I got the message."

Mr. Allen has a similar story, though he stayed on in Houston to work with a firm called Space Industries, Inc. when he left the astronaut service six months ago.

"My wife kept saying one thing to me, over and over again: 'Joe, when are you going to get a real job?'"

Astronaut service, stripped of its glamour, is demanding work that keeps its members away from home. A woman astronaut who just began training for a flight she will make late next year says she has seen her husband twice in the last two months.

"The last time it was for 12 hours," she says, "and for six of those we were both asleep."

Astronaut training covers everything from the physics and biology of space flight to parachute jumps to three-day survival visits to the Panamanian jungle. Hours spent in the classroom match the time doctoral candidates spend studying. Physical fitness is a must, but astronauts do not get time off to exer-

cise; they maintain fitness on their own time.

Once an astronaut gets a mission assignment, the training pace steps up. At the Johnson and Kennedy space centers, computer simulations of astronaut tasks and potential problems in space are run around the clock.

There are trips to other NASA centers and contractors' factories to familiarize the crews with the equipment they will use on their missions in space.

"I remember finishing my last flight in June and starting training for my next flight the next day," Colonel Fabian said. "Our first assignment was a trip to California to be briefed on the Galileo spacecraft we were going to carry on the shuttle."

NASA officials say there is nothing they can do to slow down the training pace, mainly because they believe it is the reason the United States has never suffered a fatal accident in space. Mr. Beggs indicated the way to keep astronauts happy and in the corps is to keep them busy and assigned to a mission.

Count Begins For a Shuttle Hired by Bonn

United Press International
CAPE CANAVERAL, Fla. — The countdown began Monday for Wednesday's launch of the Challenger space shuttle on a mission chartered by West Germany.

The Space Shuttle, the first paid for and managed by another nation, is the most logistically complex shuttle voyage yet attempted.

Challenger will be controlled from the Johnson Space Center in Houston, but experiments in materials processing and life science will be managed by scientists in Oberpfaffenhofen, about 15 miles (25 kilometers) from Munich.

Challenger is scheduled to lift off at noon Wednesday for a seven-day stay in space. The landing is scheduled for Nov. 6 at Edwards Air Force Base, California.



Dr. Ernst Messerschmid speaks to a gathering at Cape Canaveral on behalf of the crew of Challenger, due to lift off Wednesday. Other crewmembers, left to right, are Henry Hartsfield, Guion Bluford, James F. Buchli, Bonnie Dunbar, Steven Nagel, Dr. Reinhard Furrer and Dr. Wubbo Ockels. It is to be the largest crew ever in orbit.

U.S. Creating a New Class Among Young, Poor

(Continued from Page 1)

erished, which declined from 35.2 percent of those over 65 years old in 1959 to 12.4 percent last year.

Much of this is attributed by social scientists and government officials to the political power the elderly have exhibited in lobbying for such things as increasing Social Security benefits in step with inflation.

Wendell E. Primus, a staff economist for the House Ways and Means Committee, noted that the poverty rate for children has grown since 1969 while the value of payments from the main welfare program, Aid to Families with Dependent Children, has fallen by a third.

"If welfare payments had just kept up with inflation," Mr. Primus said, "we'd be spending \$6 billion to \$7 billion more per year."

But increasing welfare payments is politically unpopular, he said, at a time of mounting budget deficits. Precise comparisons are difficult, but according to some estimates more than 30 percent of the federal budget involves spending for older Americans while only 3 to 5 percent is spent on children.

One of the more striking changes has been the increase in young mothers who do not marry, a decision now widely accepted socially but one that halves the number of potential family earners.

Typically, the mother drops out of school. One of every six Ameri-

can students fails to complete high school, one in four does not graduate by the age of 18. This further narrows future job options.

Given the links in American society between employment and health insurance, the unemployed mother and her child, frequently born underweight for lack of prenatal care, tend to remain outside the usual health care system, according to Sara Rosenbaum, health director for the Children's Defense Fund in Washington.

They become sicker more often and place more financial strains on treatment facilities.

Without prenatal care, Ms. Rosenbaum said, poor infants are three times more likely to die in

their first year of life, especially due to low birth weight. The 1983 infant mortality rate was 11.2 per 1,000 live births for all Americans and 19.2 for blacks. While the infant mortality rate has declined dramatically for many years, the decline has slowed recently.

Government policies also appear to have contributed to the problem. Tax policies, for instance, have not been adjusted to account for inflation, so taxes now consume about 10 percent of a poor family's income, up from the 1 percent to 3 percent level of the early 1970s.

Congressional sources estimate that paying federal taxes pushed 2.8 million Americans below the poverty level last year.

U.S. Panel Pledges Bill On Taxation This Year

(Continued from Page 1)

percent of the cost of dividends. However, the panel decided to put the 10 percent deduction in effect gradually, at the rate of one percentage point a year, so that it would not be fully effective until 1997.

It agreed to repeal, beginning next year, the ability of individuals to exclude from their income for tax purposes \$100 worth (on joint returns, \$200 worth) of dividend payments.

It voted to restrict the ability of parents to shelter their income from taxation by giving it to their children or by placing it in trusts for their children.

It decided to make it less attractive for companies to set up Employee Stock Ownership Plans to give their employees a long-term financial interest in the companies.

It agreed to limit the ability of companies to buy other companies to take advantage of their tax losses.

Mr. Rostenkowski called the weekend meetings after several weeks without progress had led to reports that tax legislation was close to death.

Before the weekend, several lawmakers and members of Mr. Rostenkowski's staff said the weekend's developments could be decisive to the prospects for tax revision.

The tone was much different Sunday from what it had been before. "It's unbelievable what's been happening," said Representative Robert T. Matsui, a Democrat of California as Sunday's session began. "A week ago people were saying tax reform was dead. Now it's completely shifted."

An important administration official, who asked identified, said, "What we're most concerned about is the idea of a deal on state and local taxes."

If those deductions are maintained in the committee's bill, tax rates will almost certainly have to be higher than the levels of 15 percent to 35 percent that Mr. Reagan proposed.

The administration position has been that Mr. Reagan was determined that the top level of federal income tax be reduced to 35 percent, from 50 percent.

Ex-SS Officer Is Interviewed

(Continued from Page 1)

his prisoners at Auschwitz. A body later officially determined to be that of Dr. Mengele was exhumed from a grave in Brazil in June.

The Mengele materials, which were supplied to Bunte by the war criminal's son Rolf, were determined to be authentic by a number of handwriting experts and authorities on the Third Reich.

Norbert Sakowski, deputy editor in chief of Bunte, said that his team had found evidence that Mr. Brunner was until recently a "close security adviser" to Rifaat al-Assad, the brother of President Hafez al-Assad of Syria. Rifaat al-Assad had commanded an elite praetorian guard charged with protecting the government but in recent years slipped from favor and last year was briefly banished abroad.

Mr. Sakowski said the Syrian authorities were not aware that Mr. Brunner had consented to speak to reporters.

"I think his impression was that he was speaking for background and not for a hard news story," said Mr. Sakowski. "He might have been under the impression that his anti-Semitic enthusiasm would be printed by Bunte."

Sicilian Prosecutor Finds No Grounds For Probe of Air Base Confrontation

By John Tagliabue
New York Times Service

ROME — A Sicilian prosecutor said Monday that no grounds existed for a formal investigation of the behavior of United States soldiers following the interception of an Egyptian plane carrying the hijackers of the Italian cruise ship Achille Lauro.

Sicilian prosecutors let it be known over the weekend that they were looking into possible crimes committed by U.S. military forces during a dispute at the Sigonella air base near Catania, Sicily, between Italian and American soldiers over who would take control of the Egyptian plane.

But Dolcino Favi, the assistant prosecutor in Syracuse, said that a study of a police account of the 22 hours the Egyptian plane was on the ground at Sigonella revealed no grounds for a further investigation.

"Nothing emerged that would mandate a further urgent investigation," Mr. Favi said.

In Rome, Bettino Craxi, whose government fell Oct. 17, began a series of meetings Monday to rebuild the coalition that collapsed over his handling of the Achille Lauro hijacking.

Italian prosecutors enjoy a large degree of independence from political forces, and have often embarrassed political leaders in the past by their decisions.

The statement from Sicily seemed a clear step back from the possibility of an investigation that startled government leaders here and threatened to reopen wounds in Italy's relations with the United States. The Achille Lauro hijacking chapter had been carefully closed by leaders of both countries in recent days.

The Sicilians, in an action on Saturday, issued an arrest warrant for Mohammed Abbas, the Palestine Liberation Front leader who is accused of masterminding the hijacking and who was with the four hijackers on the Egyptian airliner when U.S. warplanes forced it to land in Sicily.

Mr. Craxi allowed Mr. Abbas to leave Italy, claiming no legal grounds existed to hold him, despite U.S. demands for his detention.

An Italian news agency, AGI, said that Mr. Abbas was charged by the Sicilians with murder, multiple kidnapping, hijacking and car-

rying arms and explosives. An American passenger was slain in the hijacking.

"They are competing for attention with Genoa," a veteran diplomat said of the Sicilian magistrates.

Mr. Abbas, a member of the Palestine Liberation Organization's executive committee, helped negotiate the end of the two-day hijacking.

A five-judge Italian court that decides such matters is expected to rule this week whether the Genoa or Syracuse magistrates have jurisdiction. Genoa claims the case because the Achille Lauro departed from that northern Italian port city, Syracuse because the hijackers

were seized at the Sigonella air base.

The Reagan administration wanted to seize the Palestinians aboard the plane and take them to the United States for trial. The Italians insisted that the hijackers be kept in their custody.

The Sicilian decision to issue the arrest warrant for Mr. Abbas surprised magistrates in Genoa.

Giuseppe De Luca, a criminal law professor at Rome University, said that by Italian criminal procedure, jurisdiction would likely fall to Genoa, the port city from which the Achille Lauro departed before the hijacking.

Hussein Meets With Arafat

(Continued from Page 1)

and the Palestinians followers came in the context of an offer of a separate peace with Israel by Prime Minister Shimon Peres. The plan includes some elements supported by the king. But one, an international peace conference under United Nations auspices, has language that effectively, if not explicitly, appears to exclude the PLO.

The Israelis have also been mounting a public campaign to exclude the PLO from the peace process.

"The prime minister said that he now discerns a dramatic change in the international situation of Israel and a prospect for rejecting the PLO and opening negotiations for peace between Israel and a Jordanian-Palestinian delegation," an Israeli government statement said.

But the Jordanian government issued a statement Sunday afternoon saying that Jordan refuses separate negotiations with Israel.

U.S. officials said they believed that, with Mr. Arafat increasingly isolated internationally and within the Arab world, the time was ripe to pressure him into the explicit statements he has thus far been able to avoid.

PLO officials based in Jordan and committed to King Hussein's Feb. 11 peace initiative with the PLO, regard the alliance with Jordan as vital to their survival. There is, however, a strong PLO faction opposed to the agreement.

"We haven't any choice except to

cooperate," Abu Jihad, the PLO military commander and ranking official here, said Sunday night.

He conceded that there had been "misunderstandings" as well as "some mistakes" and "some events that had their effect, mainly that event in London."

The PLO official added that he was confident that matters would be worked out during the meeting between the king and Mr. Arafat.

He indicated that a likely outcome of the meeting would be the appointment of a committee to discuss the difficulties between the PLO and the Jordanians and a statement emphasizing commitment to the Feb. 11 agreement.

Peres Repeats Call to Jordan

(Continued from Page 1)

UN — the UN speech had provoked a storm of criticism from Likud that he had exceeded his authority — the Likud members in the Knesset sat impassively as Mr. Peres defended his peace proposals.

Likud sources said that both sides sought to avoid a showdown that could force new elections. They added that Mr. Peres's elaboration in his Knesset speech that an international forum could replace direct negotiations was enough of a gesture to satisfy Mr. Peres's sharpest critics, Trade Minister Ariel Sharon and Deputy Prime Minister David Levy.

Mr. Sharon and Mr. Levy, anticipating the December convention of the dominant Herut wing of the Likud bloc at which they are expected to challenge Foreign Minister Yitzhak Shamir's leadership, appeared to be seeking the advantage by keeping a crisis atmosphere alive and forcing Mr. Shamir into the uncomfortable position of siding with Mr. Peres on a volatile issue.

200 Iranians Executed This Month, Exiles Say

PARIS — About 200 political prisoners have been secretly executed this month in Iran, the leftist Mujahidin Khalq opposition group said Monday.

The Paris-based organization said that an estimated 60 persons were executed in Gohardasht prison in Karaj, west of Tehran, early in October and that the bodies of at least 120 political prisoners were buried in Tehran's Behesht-Zahra cemetery Oct. 5.

Cape Town Curbs Tightened; Opposition Meetings Banned

(Continued from Page 1)

students two weeks ago to block another visit.

Police announced that 11,000 officers would be added to the national force of about 45,000 to help cope with the unrest.

In Soweto, there were reports that rumors of a one-day protest strike prompted groups of black youths to try to keep commuters from going to work Monday. Police reportedly used tear gas and batons to break up knots of youths at train and bus stations. Major political groups denied calling for a boycott and urged young people not to intimidate workers.

Reacting to the ban on meetings in the Cape Town area, the publicity secretary for the United Democratic Front, Nasir Jaffer, said the restriction "once again indicates the brutal arrogance of the state."

He added: "The UDF wants that our struggle for freedom and

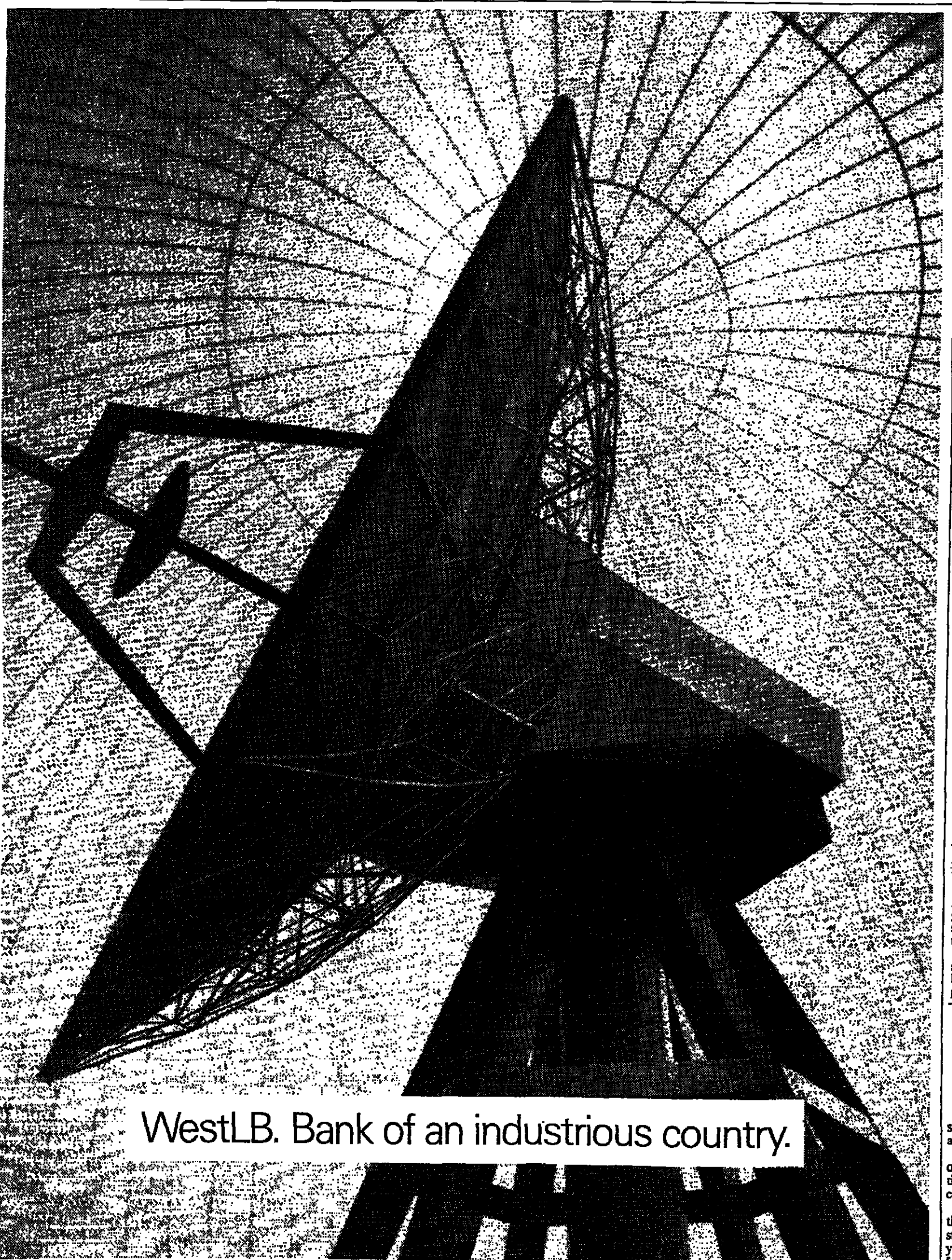
justice does not take place in meetings only, and they are now forcing us to adopt other ways." (AP, UP)

Mandela Statue Unveiled

Oliver Tambo, president of the African National Congress, unveiled in London on Monday a statue of Nelson Mandela, the imprisoned black nationalist, Reuters reported.

At a ceremony unveiling the bronze bust bought by the Greater London Council, Mr. Tambo said: "Mandela is not only the symbol of the struggle of our people but the very embodiment of both the aspirations and the irrepressible will to fight to the bitter end in pursuit of their just cause."

Mr. Tambo is in London to address a British parliamentary committee. The British government has refused to speak to him until the nationalist group renounces violence.



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Soviet and U.S. Navies Circle Warily in Pacific In Quest for Dominance

By Seth Mydans
New York Times Service

ABOARD THE BLUE RIDGE, off the Philippines — As they maneuver their navies in a widening competition for dominance in the Pacific, the Russians and Americans keep a constant wary eye on each other's movements.

Here aboard the flagship of the Seventh Fleet, an amphibious command ship crowned by a tangle of antennae, satellite receiving dishes and radar, an intelligence officer pointed on a map to the precise locations of elements of the Soviet Pacific Fleet.

For example, in Cam Ranh Bay, the former U.S. base in Vietnam that has become the hub of Soviet operations in Southeast Asia, 24 vessels are docked, including two submarines, a guided-missile cruiser and four light frigates.

On the base's runways, from which American planes once took off for bombing runs over North Vietnam, satellites detected what the intelligence officer said were "more than a half dozen" long-range Bear surveillance and anti-submarine aircraft, a dozen Badger bombers and several swing-wing MiG-23 supersonic interceptors.

Their latest training and reconnaissance flights are plotted on the map in large loops that sweep out across the South China Sea. On Wednesday, the map shows, two Bear reconnaissance aircraft flew over Hong Kong, where an amphibious American "ready group" was on shore leave after exercises with the aircraft carrier Midway and the Australian Navy.

The deployments the other day at the base, where the Russians have added three new ships to the three left behind by the Americans, are about average, according to an intelligence officer, who gave only his first name and asked that even that not be published.

The base has grown steadily since the Soviet Union signed a friendship treaty with Vietnam in 1979, and it has taken on added significance as concern has grown in Washington over the future of

America's naval base in Subic Bay in the Philippines.

According to Prasing Soonsiri, secretary-general of Thailand's National Security Council, Cam Ranh Bay is now the Soviet Union's biggest overseas naval installation. He told the Bangkok newspaper The Nation that a sixth floating dock had been added to the base and that a new storage tank for bomber fuel had been built.

At Subic Bay the other day, Philippine and U.S. mechanics worked on the guided-missile cruiser Sterett, which is undergoing three months of repair and modernization, and the frigate Francis Hammond, which is using the base for training exercises and tests of its armaments, after an overhaul.

A nuclear attack submarine and six smaller vessels are also berthed at Subic Bay, the intelligence officer said.

The Sterett is the only vessel in the fleet for which Subic Bay is a home port. But most of the 75 to 80 ships in the Seventh Fleet, which patrols the Indian Ocean and the western half of the Pacific, rely on it for servicing and supply.

Aboard the Blue Ridge, the strategic balance in the Pacific is plotted carefully each day in darkened communications rooms with glowing radar screens and scramble telephones.

The movements plotted the other day reflected the two navies' differing concepts of deployment. Much of the Soviet Pacific surface fleet was anchored at its home port of Vladivostok, with other vessels at Petropavlovsk on the Kamchatka Peninsula or at Cam Ranh Bay.

The Soviet Navy tends to bring its ships out of port only for large, well-prepared maneuvers, the intelligence officer said. The U.S. Navy, by contrast, keeps at least half its fleet at sea on a constant round of maneuvers and port calls.

The Americans now expect to see Soviet exercises resume in the Sea of Japan, where maneuvers were recently interrupted by a typhoon, and in the Gulf of Aden, where the battle cruiser Kirov is now sailing in the company of two destroyers.

The American carrier Kitty Hawk is not far away, steaming off the coast of Oman with its own battle group.

The United States sees the primary threat in the region as coming from the Soviet Pacific Fleet's 120 submarines, half of which are nuclear-powered. These watch American movements and patrol straits that are vital to Western supplies of oil and to the ocean access of the Soviet Navy.

The Russians also keep scores of smaller vessels, which the Americans call "hunting ships," watching and listening in the areas of prime U.S. naval activity — the northwest Indian Ocean near the Middle East, the northwest Pacific around Japan and Korea, and the straits of Southeast Asia.

They also ply the waters around the Indian Ocean island of Diego Garcia, where the United States keeps about 16 vessels to support its rapid-deployment force for the Middle East.

In the South Pacific, the Soviet Navy has sent mostly research ships and submarines on what appear to be mapping missions.

If it holds true to form, though, such missions may be the first step toward regular naval cruising. "We're seeing the beginnings of perhaps a new Soviet move into the South Pacific," the intelligence officer said.

Commune's Leader Held On Immigration Charges

Compiled by Our Staff From Dispatches

CHARLOTTE, North Carolina — Bhagwan Shree Rajneesh, the leader of a religious commune in Oregon, was arrested on immigration charges Monday aboard a plane in which he and several followers were trying to flee the country, officials said.

U.S. Customs Service officials surrounded two planes carrying Mr. Rajneesh, nine followers and four crew members when they landed at Charlotte-Douglas International Airport after a flight from Oregon, authorities said.

"They were going to change planes and charter another two planes to fly to Bermuda," said U.S. Marshal Ray Abrams.

Mr. Rajneesh was placed in a holding cell pending his arraignment later Monday on charges of conspiracy to make false statements to federal immigration officers and with harboring aliens illegally in the United States.

Carl Houseman, regional director of the U.S. Immigration and Naturalization Service, said Mr. Rajneesh was named in indictments returned Thursday by a federal grand jury in Portland, Oregon.

Documents filed in U.S. District Court in Portland said an

investigation of Mr. Rajneesh's activities involved "suspected patterns of marriage fraud among Rajneeshes," as members of the commune are known, "as well as allegations that individual marriages have been entered into for the purpose of securing immigration benefits or evading immigration laws."

A spokeswoman at the commune, Ma Prem Isabel, said three attorneys had been sent to Charlotte to try to secure Mr. Rajneesh's release.

"Our main concern is to get him out of jail," she said. "I am worried about what this is going to do to his health. He has a totally bad back and has juvenile diabetes."

Mr. Rajneesh, 53, is the spiritual leader of a sect that claims up to 500,000 adherents, mainly in the United States, Western Europe and Australia.

His commune has been in turmoil for more than a month, since the guru's secretary, Ma Anand Sheela, split with him and fled to Europe with other top aides.

A self-proclaimed guru of the rich, Mr. Rajneesh left India to establish a heavily fortified commune and meditation center in a



Bhagwan Shree Rajneesh

remote part of central Oregon four years ago.

His commune includes the city of Rajneeshpuram, with about 1,500 permanent residents and a similar number of visitors. The town has its own airport, hotel, shopping mall and meditation college.

Followers of the Bhagwan, which means "blessed one," also bought property in the town of Antelope, 19 miles (30 kilometers) away, which they renamed Rajneesh after taking control of the city government.

(AP, UPI)

Track 29: One Hour Behind Time U.S. Trains Make Annual Halt to Let Winter Catch Up

By Maureen Dowd
New York Times Service

NEW YORK — At 10:30 Saturday night, Train No. 66 left Union Station in Washington for what seemed to be a routine run to Boston. But at 2:12 A.M., the 108 passengers aboard the Night Owl entered another dimension of time and space.

As Amtrak's R. Clifford Black, the railroad's manager of corporate communications in Washington, put it, "After Trenton — next stop, Twilight Zone."

At Metro Park, New Jersey, a station 23 miles (37 kilometers) southwest of New York City, the train stopped in its tracks for nearly an hour to allow the clock to catch up to the printed schedule.

The engineer, Robert Ullis, sat in his cab reading the Book of Revelations, and the four conductors patiently tried to explain the confusing schedule change to maddened passengers who had not realized that they would have to relive the hour between 1 and 2 all over again in a dark, shut-down station.

Between 1:45 and 2:30 A.M. Sunday, 45 Amtrak trains went into a state of suspended animation to let Daylight Time become Standard Time. Every October this pro-

cedure, followed by Amtrak since it began operations in 1971, creates a startling time warp, as trains cross both the time change and Eastern, Central, Mountain and Pacific time zones.

"This is right up there on the silliest-things-I've-ever-heard list, and I'm asking 'why' with all capitals and an exclamation point," said Houston Demere, a television director from New York who suddenly discovered that a trip that was to take an hour and 53 minutes from Philadelphia to Pennsylvania Station in New York had stretched to nearly three hours.

Al Naccarato, a seasoned assistant conductor, took such harangues calmly.

"In the spring, when time moves forward, the train can't catch up to the clock," Mr. Naccarato told Mr. Demere. "But in the fall, when time moves back, the train has to wait for the clock to catch up. That's it in a nutshell."

W. Graham Claytor Jr., the president of Amtrak, explained that the procedure was necessary to ensure the safety of Amtrak's web of trains, as it might be dangerous to have trains operating according to two different clocks.

Further, he said, the delay was

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Dos Santos Warns Against Renewal Of U.S. Support for Angolan Rebels

By Jim Hoagland
Washington Post Service

NEW YORK — President José Eduardo dos Santos of Angola has warned that a renewal of U.S. support for the rebel movement led by Jonas Savimbi would pose direct dangers for American economic interests in his country and gravely damage prospects for a regional peace settlement in southern Africa.

Mr. dos Santos predicted that Mr. Savimbi would use U.S. aid to intensify sabotage campaigns by his group, the National Union for the Total Independence of Angola, or UNITA, against U.S. companies and citizens working in Angola.

"If this aid is given to UNITA, the war situation in Angola would be more dangerous," Mr. dos Santos said Thursday.

He said that such a move would "contradict" and undermine the policies that the Reagan administration has said it was following in seeking a Cuban withdrawal from Angola as part of a regional peace settlement in southern Africa.

Mr. dos Santos's Marxist government controls one of the five Third World countries singled out for condemnation by President Ronald Reagan on Thursday as the United Nations for being "at war with their own people."

The Angolan leader's remarks provided a strong counterpoint for the Reagan speech, which linked responsibility for instability in Africa and Asia to the presence of Soviet and Cuban troops and advisers, and which described insurgent movements like UNITA as "democratic resistance forces."

The contrasting comments from the two leaders appeared certain to intensify a struggle within the Reagan administration and in Congress over proposals to provide direct backing for Mr. Savimbi's forces. UNITA failed to win control of Angola, a former Portuguese colony, when it was granted independence in 1975.

The U.S. State Department has said it opposes such aid, and U.S. officials apparently repeated this opposition last week in talks with Mr. dos Santos.

Providing aid to Mr. Savimbi, Mr. dos Santos said, would be "an act of solidarity by the United States" with the white minority government of South Africa, which provides extensive aid to UNITA.

Mr. dos Santos also indicated that South Africa's attacks on his country this year and its stepped-up help for the rebels have not only justified, but in fact have deepened, Angola's reliance on the Cuban force that has been in the country since 1975.

But Mr. dos Santos also disclosed that Angola and the United States have reopened diplomatic contacts that were broken off this summer. The State Department confirmed Thursday reports that the undersecretary of state for political affairs, Michael H. Armacost, and the assistant secretary of state for African affairs, Chester A. Crocker, met with Mr. dos Santos on Tuesday in New York.

The Reagan administration has sought for four years to mediate an agreement between South Africa and Angola that would lead to a Cuban troop withdrawal from Angola in return for a South African withdrawal from South-West Africa, or Namibia, and an agreement on independence for Namibia under UN auspices.

But the U.S. effort appeared to have collapsed after Congress voted this summer to repeal a law banning covert U.S. aid to UNITA. That law was enacted in 1976, after an unsuccessful attempt by the rebels, with backing from South Africa and the U.S. Central Intelligence Agency, to remove the leftist government of the Popular Movement for the Liberation of Angola.

The U.S. effort already had been set back in May of this year, when a South African commando unit was caught in the northern Angolan

province of Cabinda attempting to sabotage a Chevron Corp. oil installation. Oil from Cabinda provides the Angolan government with more than 80 percent of its foreign exchange earnings.

In talks with U.S. officials and businessmen, Mr. dos Santos has emphasized that he wanted to expand the economic ties that have made Angola the fourth-largest trading partner for the United States in sub-Saharan Africa, despite the absence of formal diplomatic relations between the two countries.

"It is our desire that American businesses use their influence to avoid U.S. aid to UNITA," Mr. dos Santos continued. "It is better to do business in a climate of peace and stability, and helping UNITA would undermine that stability. That would threaten the interests of the United States."

If the Cabinda raid had succeeded, he said, "American and Angolan citizens would have been killed. The Chevron installation would have been damaged. Is that in the interests of the United States?"

Concerning government-to-government ties, the Angolan president said that despite congressional efforts to provide as much as \$27 million in funding for UNITA, he still wanted to improve relations with the Reagan administration "in terms of dialogue."

Mr. dos Santos also said he still was prepared to negotiate a phased withdrawal of most of the Cuban troops, a proposal he made a year ago in the context of the U.S. mediation effort.

Then, he said, he had proposed to keep 10,000 to 12,000 Cuban soldiers in Cabinda and around Luanda, the Angolan capital, for an indefinite period after the phased withdrawal of 20,000 Cubans from southern Angola. But, he said, "conditions have altered" since that proposal.

In his speech Thursday, Mr. Reagan said that there were 35,000 Cuban troops in Angola.

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Argentine Court Backs Alfonsín, Reverses Ruling on Freed Rightists



Raúl Alfonsín

The Associated Press
BUENOS AIRES — An appeals court ruled Monday that a state of siege decreed by President Raúl Alfonsín of Argentina allowed him to order the detention of suspected rightist subversives.

The ruling, from a three-judge panel of the National Criminal and Correctional Court of Appeals, reversed a decision by civilian judges that freed three of seven suspects over the weekend. The appeals court was still deliberating whether to reverse decisions freeing another four.

The seven men freed, as well as five still at large, are accused of involvement in a violent campaign to undermine the elected center-left government.

The court's decision Monday

was announced by the Interior Ministry in a brief communiqué.

The previous ruling had undercut the state of siege declared last week and had placed the country's judiciary in open confrontation with the executive branch.

Two civilian judges, Luis Velasco and Victor Pettigiani, had ruled that Mr. Alfonsín's order that the suspects be held for 60 days was invalid because no evidence was presented.

They freed five army officers and two civilians, who along with the other suspects have strong links to the rightist military regime that ruled the country before Mr. Alfonsín assumed office in December 1983.

But the government contended that under a state of siege no evidence had to be presented to keep the suspects in jail.

"If that proof did exist, the arrests by virtue of a state of siege would be unnecessary because there would have been grounds for ordinary penal prosecution," the appeal said.

Carlos Alconada Aramburú, the minister of education and justice, said Sunday the judges' decision to release the suspects was "preventing the government from stifling the disturbances."

Mr. Alfonsín first ordered the arrests last Tuesday, saying the government had uncovered a coordinated campaign of subversion that included more than a dozen bombings and telephone threats to public officials.

In ordering the arrests, he cited special powers under the clause that allowed him to declare a state of siege. However, since he had made no such declaration, a judge said Thursday the detentions were illegal.

In a bid to settle the legal dispute, Mr. Alfonsín declared a state of siege Friday and again ordered the arrests. He said that "constitutional rights and guarantees will remain in effect," except for the suspects, and that next Sunday's elections for national, provincial and municipal legislators would be held as scheduled.

Dance School Bombed

A bomb has destroyed a dance school run by the director of a gymnastic television show, Maria Amuchastegui, United Press International reported Monday.

About 15 bombings since Sept. 17 have killed one person and damaged homes of loyalist military officers, schools, shops and political offices.

Government officials say the attacks are part of a rightist plot to disrupt Sunday's elections.



Surjit Singh Barnala

Shootings Mar Peace Effort in Punjab

By Steven R. Weisman

New York Times Service

AMRITSAR, India — Sporadic shooting incidents, apparently carried out by Sikh radicals, have returned to the Punjab and are creating problems for the newly elected state government of Sikh moderates.

Despite the incidents, the new government is stepping up the release of young Sikhs from prison and offering them rehabilitation programs and jobs in the hope that this will turn them away from violence.

In another effort to restore a normal life to the Punjab, thousands of paramilitary policemen who were brought into the state last month to patrol during the elections are being withdrawn.

Some politicians here and in New Delhi have expressed concern about the new Sikh government's policy of releasing prisoners. But others say it had little choice because many were being held on little evidence.

For several years, the northern state of Punjab has seen hundreds

of shootings, bombings and other killings involving Sikh militants demanding that the state secede from India.

An accord on Sikh demands between Sikh moderates and the national government of Prime Minister

There have also been random reports of the police finding bombs in different parts of the state.

Police officials said at least some of the recent violence might have been caused by factors other than Sikh terrorism. They suggested that

The government has decreed violence, but promises reconciliation with Sikh activists.

ter Rajiv Gandhi cleared the way for an election last month. Sikh moderates of the Akali Dal Party won, defeating Mr. Gandhi's Congress Party, and now the problem of curbing violence has fallen to them.

But the optimism surrounding the installation of the Sikh moderates has recently been damaged somewhat by scattered violence.

Among the victims was a leader of the Congress Party in the town of Tara Taran, who was shot dead in mid-October. Two days later, another Congress Party leader was killed with two other people in his shop north of here.

even shootings involving persons. quarrels were being called political crimes.

Nevertheless, the Punjab government last week responded to the violence by banning the use of large motorcycles. The government also banned men from riding side-saddle as passengers on motor scooters. Many shootings have been carried out by people riding in this way.

The police authorities in certain sensitive areas have also ordered the evening closing of liquor stores, gas stations and film theaters. Civilians have also been prohibited

from carrying guns in public places.

Generally, the new government of Surjit Singh Barnala, the chief minister, has won praise from several quarters. Those who say they have concerns about some of Mr. Barnala's policies have for the most part muted public criticism.

One step that has aroused controversy, however, was Mr. Barnala's withdrawal of orders for the detention of 224 people being held on charges of sedition under the National Security Act.

Only a fraction of these people have been released because many of them are being held on other charges, such as making war against the government. But among those freed were people whom newspapers linked with extremist organizations.

Mr. Barnala also set up a special panel to review the cases against 1,000 people jailed on various charges. The panel has made a preliminary recommendation that most be released, according to newspaper reports.

Another controversy arose when Mr. Barnala said that from now on, the police in the Punjab would not be permitted to enter Sikh shrines. This brought demands for explanation from Mr. Barnala's political foes in the state legislature. They suggested that Sikh radicals might again use temples as arms depots and sanctuaries from which to carry out violence.

Mr. Barnala then said he would not tolerate the use of temples as bases for breaking the law. He has many times denounced violence, but has also promised reconciliation with Sikh activists.

The new chief minister, a former agriculture minister in New Delhi, has emphasized the need for economic development in a state long known for its prosperity.

The state is reporting record grain harvests this year, but other economic activities are believed to have lagged because of the violence. Hotels catering to tourists have suffered because of the continuing ban on travel by foreigners, except for reporters.

Prime Minister Gandhi has pledged to help Mr. Barnala overcome the problem of terrorism, and he has stepped up the central government's security efforts.

Mr. Gandhi's main action was appointing a close confidant and cousin, Arun Nehru, as a new minister of state for internal security, with a mandate to upgrade the training of the police.

In addition, the Gandhi government announced that it had concluded important new accords with Canada and Britain extending extradition and anti-terrorist laws there to cover Sikh extremists.

Agca Court Questions Turk Held in Swiss Jail

By John Tagliabue

New York Times Service

ROME — The court trying seven men accused of conspiring to kill Pope John Paul II in 1981 traveled in Switzerland last week on the first of several trips in Europe to question defendants and witnesses thought capable of testing the conclusions of the court's chief witness, Mehmet Ali Agca.

An extreme rightist Turk, serving a jail sentence in Switzerland for drug trafficking, testified to the court, calling Mr. Agca "a big liar" and contesting his account of the assassination attempt.

The Turk, Mehmet Sener, 29, has been accused by other Turks, including Mr. Agca, of having bought the gun used to shoot the pope, of accompanying Mr. Agca to Switzerland on his way to Italy, and of knowing in advance of Mr. Agca's intention to kill the pope.

According to an official who attended the hearings last week, Mr. Sener denied having helped purchase the gun, and said he knew nothing of Mr. Agca's intentions. But Mr. Sener's testimony departs significantly from the account he gave Judge Ilario Martella, the magistrate whose investigation led to the trial.

Mr. Agca claimed at first that he had acted alone and was sentenced to life in prison. But he later turned state's evidence, saying the shooting was an international conspiracy. As a result, seven persons were indicted and are now being tried.

The testimony the court seeks has assumed added significance since the death in a Turkish jail this month of one of the original defendants, Bekir Celenk, a purported Turkish racketeer who Mr. Agca says was his link with the Bulgarian secret service.

Mr. Celenk, on trial in Turkey on charges of drug and arms smuggling when he died of a heart attack Oct. 14, denied complicity in the plot. And in two days of questioning by Chief Judge Severino Santapichi, Mr. Sener also denied Mr. Celenk was involved, and reportedly agreed to face Mr. Agca in court.

The public prosecutor, Antonio Martini, said the court sought to travel to Turkey on Nov. 11 to hear testimony from Abuzer Ugurlu, another purported Turkish racketeer. Mr. Agca has said Mr. Ugurlu was one of his contacts in Bulgaria.

The prosecutor said the court wanted to visit Bulgaria Nov. 21 to question Major Zhelyo K. Vasilev, the former deputy military attaché at the Bulgarian Embassy in Rome, and Todor S. Arvasov, a Bulgarian diplomat. Mr. Agca has implicated both men, but both have denied any wrongdoing.

The seven defendants are Sergei I. Antonov, the former head of the Rome office of the Bulgarian airline and the only Bulgarian in Italian custody; Mr. Arvasov; Major Vasilev; and four Turks — Mr. Agca, Musa Sendar Celebi, Omar Baget and Oral Celik.

Taiwan Jolted by Scandals; Regime Cracks Down

By Marvin Howe

New York Times Service

TAIPEI — A series of scandals that began in January has provoked widespread controversy in Taiwan and led some analysts to talk about a crisis of confidence in the Nationalist government.

The troubles began in January when the head of military intelligence, Vice Admiral Wang Hsing, was implicated in the murder of a Chinese-American writer, Henry Liu, in California, and was sentenced to life in prison.

That was followed by a major financial scandal and an incident involving a newspaper publisher.

The most recent problem involved a group of business officials accused of having reprocessed garbage and sold it as cooking oil to restaurants and roadside food stands. There was an angry outcry, with people demanding new sanitation legislation with harsh sanctions. A score of arrests were made.

The succession of troubles has led to tighter political restraints. There has been an increase in censorship of the opposition press. Opposition legislators have protested that security personnel search homes without warrants on the pretext of seeking firearms.

Prime Minister Yu Kuo-hua recently said that there was no "confidence crisis" but acknowledged

that several "abnormal incidents" had damaged Taiwan.

The prime minister was responding to assertions in the National Assembly and the press that the ruling Nationalist government was facing its most serious crisis since the country was expelled from the United Nations in 1972 and replaced by Beijing.

But many observers agree that the basic cause of the uneasiness is Taiwan's relations with the United States, an ally and a leading trading partner. Officials are especially worried about the protectionist mood in the U.S. Congress.

"It's a serious situation," said Vincent Siew, director of the Board of Foreign Trade. "American protectionism has never been so strong and emotional, and we will be badly hurt."

Legislation pending in Congress

would reduce the value of Taiwan's textile exports by about \$1 billion and mean the loss of 75,000 jobs, he said.

Senator Robert J. Dole, Republican of Kansas, headed a delegation to Taipei in August and issued a warning that Taiwan must take drastic steps to cut its trade surplus with the United States.

Taiwan suffered a serious blow in 1979 when the United States and other countries broke off diplomatic relations as a condition of establishing ties with China. Taiwan has formal diplomatic ties with only 23 nations, but it has trade relations with 120 countries.

Despite its diplomatic isolation, Taiwan's economy has flourished in recent years, with a growth rate of nearly 12 percent in 1984. Per capita income, at \$3,000, is among the highest in Asia.

Peres, Sri Lanka Leader Discuss Renewed Ties

The Associated Press

TEL AVIV — Prime Minister Shimon Peres of Israel met in Paris last week with President Junius R. Jayawardene of Sri Lanka to discuss renewing diplomatic ties, Israel Radio reported Monday.

Mr. Peres was in Paris for meetings with French leaders as he was returning from Washington.

Mr. Jayawardene stopped on his way back from the Commonwealth meeting in the Bahamas, the report said.

Sri Lanka severed ties with Israel in 1970 under pressure from Egypt, when Egypt and Israel were at war.

There are reports that Israeli secret service agents recently advised the Sri Lankan authorities on coun-

terinsurgency tactics against Tamil guerrillas.

Israel opened a special interest section in the U.S. Embassy in Colombo last year.

It also has three agricultural experts there advising on tapping water resources and on other farming projects.

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A Surge of Interest In Decorative Arts

New York Times Service

These collectors are frequently well ahead of museums in acquiring lesser-known works — sometimes at bargain prices. They are also intent on learning more about the objects they admire. They have increased the sales of collecting

Commenting on the current collecting surge, Philippe de Montebello, the museum's director, said: "Man has a natural need for orna-



which opens Nov. 29. A rooftop addition, it will house the collections of Emery and Wendy Reves — \$25 million worth of Gauguins, Cézannes, van Goghs and a Monet, as well as more than \$5 million worth of antique furniture and other objects.

At the High Museum in Atlanta, the largesse of Virginia Carroll Crawford created the collection of American decorative arts from 1825 to 1917. It was created in 1983, when the High opened in its stunning \$20 million installation designed by Richard Meier.



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Herald Tribune

Published With The New York Times and The Washington Post

Hope for Europe's Jobless?

As its unemployment lines lengthen, Europe casts envious glances at the Great American Job Machine. This may surprise inhabitants of the Great Lakes area, where factories are rusting and unemployment benefits are running out. But the fact remains that over the past 15 years the number of jobs in the United States has risen by 34 percent while the number in Europe has not changed. Are the older countries really starting to show their age?

On closer inspection, the record is somewhat kinder to Europe. The acid test is the extent to which jobs have kept up with population growth. In the 1970s, unemployment doubled both in America and in Europe. Only since 1980 has the record really diverged, with America's jobless rate roughly stable but Europe's nearly doubling.

To a large extent this divergence may be transient. Economic growth in the past few years has been much higher in the United States than in Europe because the United States has pumped up demand through a highly expansionary budget policy, while Europe has pursued the austerity line to bring down inflation. American superiority in job-creation may well fade along with the soft options on the federal budget.

But if Europe is to fight unemployment by creating jobs faster than its work force grows, changes in social attitudes will be necessary. High minimum wages and legal obstacles to temporary layoffs make European employers more reluctant than their American counterparts to expand their staffs. So do the burdens of the welfare state — the charges employers have to pay to finance long vacations and insurance against unemployment and sickness. The difficulty in Europe of obtaining funds to

launch new companies or to expand small businesses is another factor. And the ability of workers to move to where the jobs are is often limited because housing policies, particularly rent control, reduce mobility.

But at bottom, Europe's inferior record reflects two factors. First, the gap between wages paid by the less profitable industries and by the expanding industries is small when compared to America. This puts a drag on modernization efforts by the older businesses and gives labor little incentive to move into high-growth sectors. And when the huge rise in oil prices hit the industrialized world, European workers continued stubbornly to press their claims for a better standard of living. The squeezed profits that resulted made employers acutely aware of the need to trim their bloated work forces.

These rigidities are easing. If this reflects more than temporary restraint by labor in the face of hard times, Europe's future will be less bleak than trans-Atlantic comparisons suggest today. America is thought to have the edge because less than a fifth of its labor is unionized. What matters, however, is not the size of unions, but how they think.

Pessimism is compounded by the fear on both sides of the Atlantic that technological advance has brought an end to full employment. The argument is suspect. Techniques that raise productivity either make goods cheaper or potential profits higher. Either way, if tax policy distributes income properly, real income rises and so does demand — and jobs. The world may be a long way from the hopes of the 1960s. But its current fears of poverty and unemployment are probably exaggerated. As a Victorian poet put it, if hopes were dupes, fears may be liars.

INTERNATIONAL HERALD TRIBUNE.

Nuclear Exports to China

A cloud of doubt continues to hang over the nuclear cooperation agreement signed last summer between the United States and China. Congress has the power to reject the agreement, but should not do so. China has had nuclear weapons for two decades, and if it chose could greatly increase the risks to the world's security by disseminating this technology to countries that seek it. In the past China has occasionally seemed inclined to do that.

But more recently it has taken several steps indicating support of the regime in which most of the world's governments have joined to prevent proliferation of these weapons. The agreement between the United States and China could strongly reinforce that commitment.

The agreement is a bargain. The United States is to give the Chinese access to its reactor technology for peaceful purposes, allowing American companies to sell the Chinese equipment, fuel and engineering advice. China, for its part, has agreed to divert none of this technology to its own military uses and to give no further assistance to any other country's attempts to build weapons. The questions about the agreement begin with the absence of provisions for verification and extend to several areas of ambiguity on other points. But it is not a subject to be left to vague good will.

Senator John Glenn, an Ohio Democrat, pointed out recently that twice this year U.S. authorities have intercepted advanced electronic equipment that evidently was being smuggled to China. Last week, Senator Alan Cranston, a California Democrat, charged that

China had recently held nuclear trade talks with, or sent nuclear exports to, five nations with nuclear ambitions: Argentina, Brazil, Iran, Pakistan and South Africa.

The history of this agreement is similarly troubling. It was first initiated a year and a half ago, during President Reagan's trip to China. But instead of forwarding it routinely to Congress, the administration put it in the deep freeze. Although the reason was never publicly stated, there had been intelligence reports of Chinese technicians working at a uranium enrichment plant in Pakistan. The agreement was finally signed last July. The State Department, secretive throughout this process, has not persuaded many senators that its current information is adequate to support the assurances it is giving them.

Mr. Glenn has drafted an ingenious remedy. He does not want to see the agreement rejected. But he has introduced a bill providing that, before America licenses any nuclear exports to China, the president would have to certify that the key questions have been settled with the Chinese. The State Department opposes the Glenn bill, arguing that it demands a degree of legalistic detail to which the Chinese will never consent. But that is a decision for the Chinese to make, not the State Department.

This U.S. technology has an immense capacity for good or, unfortunately, evil. Mr. Glenn and the growing number of senators of both parties who join him are right to want a more precise agreement on China's intentions.

—THE WASHINGTON POST.

Other Opinion

Finland's Communist Split

Though the Finnish government has made it clear that its foreign policy, with special reference to the Soviet Union, will not change, the recent split in the country's Communist Party is bound to have internal repercussions, at least in the 1987 elections. Of the 27 Communists in the Helsinki parliament, nine belong to the dogmatic Moscow-oriented wing that has now been expelled. The party is at its weakest point ever. In 1958, Communists accounted for a good quarter of all deputies; they are now little more than an eighth.

—Neue Zürcher Zeitung (Zurich).

Advice for the Philippines

What is wrong with the Philippines? Just about everything. The economy is going downhill. [There is] corruption, stagnation and resentment. But it is doubtful that pressure from Washington could convince Mr. Marcos to

uproot the patronage system that has become his political power base. Considering the dangerous prospects, friendly advice from the United States should not be rejected. Reforms are needed. To deny this is to deny the Philippines a prosperous and democratic future.

—The Japan Times (Tokyo).

Botha Shouldn't Snub the ANC

President Botha persists in denying himself the opportunity of hearing the African National Congress view on the ground that the organization refuses to renounce violence. It will be most helpful if Mr. Botha sets an example by renouncing violence himself.

It will not be long before [the ANC leaders Oliver Tambo and Nelson Mandela] come to be regarded as moderates. All the lessons of history teach that the next generation will be much harder to deal with.

—The Guardian (London).

FROM OUR OCT. 29 PAGES, 75 AND 50 YEARS AGO

1910: China Awaits Major U.S. Loan

PARIS — The practical conclusion of an agreement with an American group of financiers for a loan of fifty million dollars is proof of China's desire to deal on a solid basis with the nation whom she regards as the most dependable of those interested in her development. The Herald related that the loan negotiations had received the Regent's approval, and that the signing of the agreement was looked for [on Oct. 28]. With this loan China proposes to perfect her currency reform and promote industrial development. Considered in connection with recent events in China which have revealed the progress of the people toward representative government, these negotiations assume an importance which can scarcely be overlooked in any comprehensive view of the future possibilities in the Far East.

1935: Nazi-Vatican Ties Improve

ROME — The marked improvement in relations between the Holy See and the Nazi Reich, which had been noted both here and in Germany during the last few days, were confirmed by favorable comments on the recent speeches of General Goering and Dr. Kerrl, the Reich Minister of Culture, in the Vatican organ "L'Osservatore Romano" [on Oct. 28]. The passage in Goering's recent speech in which the Prussian Premier declared that National-Socialism must believe in God, because "God blesses the gigantic task undertaken by the National-Socialist party," has given particular satisfaction to Vatican circles, since it disavows attempts to revive paganism in Germany. The speech of Dr. Kerrl, glorifying liberty of conscience, is also interpreted as a gesture of reconciliation towards Catholicism.

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Allied With Democracy — Not With Marcos

By Bill Bradley

The writer is a Democratic senator from New Jersey.

WASHINGTON — There is a consensus here about what is wrong in the Philippines. But there is a kind of paralysis about what to do.

First, everyone agrees that President Ferdinand E. Marcos has presided over the unchecked spread of a nationwide Communist insurgency. Second, no one disputes that Mr. Marcos has stubbornly rejected warnings that unless he undertakes major reforms soon, the opportunity to revive democracy, regain prosperity and restore security will be lost. Third, policy-makers even agree on specific reforms he must make to ensure fair elections, free the economy from the monopolistic grip of his cronies and revitalize the farmer-forester.

As Senator Paul Laxalt of Nevada told Mr. Marcos during a recent visit to the Philippines, important American interests are at stake. If the Communist insurgents take over, the United States is virtually certain to lose its military access to the bases at Clark Field and Subic Bay. The Filipino people would lose any chance for a democratic future. Worst of all, a ruthless Communist regime is likely to turn the Philippines into a brutalized, stagnant society, like Vietnam and Cambodia, and would allow the Soviet Union to replace the United States as its military partner.

What is so frustrating about this consensus is its failure to produce a solution. High-level warnings to Mr. Marcos have fallen on deaf ears. The reason is that the reforms he must make to turn the tide against the insurgency will also remove the politi-

cal and economic foundation of his regime, perhaps even jeopardizing his life.

Indeed, Mr. Marcos may lack the capacity to carry out the necessary reforms. It is unlikely, for example, that he will confront the power and wealth of many of his corrupt cronies to restore genuine competition to the marketplace. At most, he might be able to deliver free and fair elections — if he devotes himself wholeheartedly to the task.

In due course, America will probably have to choose between supporting Mr. Marcos or supporting the democratic process. The future U.S. position in the Philippines rests not with a dictator but with democracy, which alone gives people hope of a better society without revolution.

Most Filipinos retain respect and affection for the United States. These feelings are a major source of strength that America must now openly use or lose. It must sever the symbolic link between the Philippines and the Marcos dictatorship.

It must put Mr. Marcos on notice that U.S. interests in Filipino democracy will no longer be held hostage to a rigged election. The United States must let the Filipino people know it will no longer acquiesce in his continued abuse of power.

The United States may have to establish a time-

table for electoral reform if Mr. Marcos lacks the will or capacity. To ease his resignation, America should offer him and his family safe passage and sanctuary for his retirement. It must also be prepared to provide a worthy successor to Mr. Marcos with the additional security assistance needed to restore democracy — not, as Mr. Marcos has used it, to prop up his loyalists.

President Reagan believes there is still time to persuade Mr. Marcos of the error of his ways and set his regime on a new course. But time is running out. The administration temporizes, transfixed by the ghosts of old friends in Cuba, Vietnam and Iran. These are false, hence dangerous, parallels. Breaking with Mr. Marcos is not a signal that America is abandoning the Philippines to the Communists. On the contrary, it signals a commitment to seeing democracy restored. The sure way to betray that good will and bring about the Communist victory in the Philippines is to let the tide of revolution will sweep away not only the dictator but also future U.S. influence.

It is time to speak publicly to the Philippine people, pledging U.S. support for the democratic process. Only by giving Mr. Marcos this kind of ultimatum can the way be opened for the free and fair elections upon which any successful counterinsurgency must be based and upon which the future of the Philippines depends.

The New York Times.

The Finns: Gutsy, but Underarmed

By John Ausland

OSLO — Several years ago General Al Bernard Rogers, the NATO commander, angered many Finns: In an interview with a Finnish journalist, he expressed doubt about the Finns' willingness to defend their country. The story provoked a storm of protest; President Mauno Koivisto called General Rogers "impertinent." The general later backed off. After seeing the reaction to his earlier statement, he said, he had a better appreciation for Finnish combativeness.

The Finns are still sore about the original comment, some of them told me during a recent visit to Helsinki. But while the general's doubts about Finnish eagerness to fight may have been ill-informed, he would have been justified, I believe, in raising questions about the effectiveness of the Finnish military.

During World War II the Finns suffered terrible casualties, but they emerged with great confidence in their fighting ability. They had fought the Red Army to a standstill twice, first during the 1939-1940 Winter War, then during what the Finns call the War of Continuation. In 1944 they drove their erstwhile German allies out of Finland. This was a part of the price the Finns paid for peace with the Soviet Union.

The 1947 treaty with the Allied powers limits the size and equipment of Finland's armed forces. For example, the air force can have only 60 fighter planes and no bombers. The navy can have no submarines.

In 1948, Finland concluded a friendship treaty with the Soviet Union. The key provision requires the Finns to consult with Moscow in the event of a European crisis. Ostensibly, these consultations would be held to determine how best to defend Finland. Nikita Khrushchev sought to invoke this clause during the 1961 Berlin crisis, but President Urho Kekkonen talked him out of it.

Today, Finland has an air force with more than 50 Soviet and Swedish fighters. It also has a modest navy. But the backbone of the armed forces is the army. Though the army is limited by the 1947 treaty to 34,400 troops, the Finns have managed to create a substantial system of trained reserves. Finnish authorities claim that, when fully mobilized, the three services would be 700,000 strong.

But the defense budget is not large enough to support such sizable forces for any long period. A 1981 report by a defense commission concluded: "An invader's advance can be slowed down and losses inflicted upon him, but the capability of the army is weakening in a way that threatens our ability to contain and defeat the invader even in the most vital areas."

As a result of this report, the government decided to concentrate on training and equipping "fast deployment forces" of about 250,000 men. It also decided to make yearly increases in the military budget. Even so, the defense budget amounts to only 1.5 percent to 2 percent of the gross national product. The Finnish military is playing a losing game. Costs, especially for equipment, are rising faster than the defense budget.

Within the North Atlantic Treaty Organization, the main question asked about the Finnish military is whether it could prevent the Soviet Army from crossing northern Finland to attack Norway. Finnish officials say that Pentagon and NATO military leaders do not understand conditions in northern Finland. Nor, they say, do outsiders understand Finnish tactics.

To generate the needed forces in a crisis, Finland would have to mobilize. The timing would depend partly on the outcome of any consultations under the 1948 Soviet-Finnish treaty. The uncertainties this would generate would add to the doubts about the capabilities of Finnish forces. NATO's concerns about a Soviet attack across northern Finland are, to this degree, understandable.

Why do the Finns not spend more on defense? In Helsinki I heard many answers to this question. The most persuasive was that the fragile consensus among the political parties barely supports the modest increases agreed on in 1981. If the government sought to spend much more, the consensus would collapse, leaving President Koivisto's Social Democratic Party deeply divided.

In the end, Finland, like most West European countries, proceeds on the assumption that nothing will happen to test its military forces. Let us hope this assumption is correct.

International Herald Tribune.



Deadline for Pretoria's Bankrupt Leaders

By Anthony Lewis

BOSTON — A white South African, a man who has not been at all involved in politics, spoke on the telephone from Cape Town the other day. "Why can't we get past this?" he asked in anguish. "Why can't we do what we have to do?"

His questions go to the heart of the crisis in South Africa. That wonderful country, so rich in physical and human resources, has to make the transition to a nonracist society. But an essential ingredient is missing. That is leadership.

The white political leadership that has held power since 1948 is bankrupt in the most profound sense: unable to contemplate change. President Pieter W. Botha and his government make plain by their actions every day that they are not going to lead their people through the necessary transition. Their policy is only to hold on to power by force.

The government is not only unwilling to lead the country away from racism itself; it is determined to crush all others who are willing, black and white. Hundreds of black leaders have been swept into detention. Whites making the most modest attempt to reach across the racial divide have met official rebuke. Eight students at Stellenbosch University, the leading Afrikaans-language university, planned to go to Zambia to meet young members of the African National Congress. Mr. Botha withdrew their passports.

A Boston Globe correspondent, Ben Bradlee Jr., interviewed these students. Their words said a lot about what might be possible in South Africa with the needed leadership. "It's an infamous lie that all blacks in this country hate whites and vice versa," said Hennie Bester, a law student. "You can only get through this myth if you get together and talk. Dialogue is the only way we can get out of this mess, and to have that stopped is sad."

Sad: the exact word. That a willingness to talk and adapt has survived apartheid's cruelties is a miracle of hope, one to be treasured, not met with prison and hate.

Miss Bester said also that "90 percent of the people in Soweto support the ANC. It doesn't help to deny they exist." But the government last week closed Soweto to all journalists, foreign and domestic. It does not want anyone to know what Soweto feels, or what is doing there.

In the absence of leadership from the white rulers, the hope for dialogue and transition has to be nurtured from outside. The United States should be showing the way, because its voice counts the most in Pretoria. But here, too, political leadership is wanting.

The president of the United States has had nothing to say about the mounting official savagery in South Africa in recent weeks. Nothing about the blacks killed and imprisoned by the police. (Would he have been silent if they were white?) Nothing even when he spoke to the United Nations about the world's wrongs.

But in democratic societies others can act when politicians fail. That was made powerfully clear by American bankers last summer. They refused to renew loans with a South Africa with such a clouded future. Their action brought reality home to

many South Africans who had determinedly closed their eyes to it.

Western banks are now negotiating with South Africa, and they could again make a great difference. That would be by saying, for strong reasons of self-interest, that there will be no new loans unless Pretoria releases imprisoned leaders and commits itself to change through negotiation.

American companies operating in South Africa can also have an impact. Some of them have had helpful programs for black employees. But those employees must go home to townships now occupied by army and police unconstrained by law. The time for ameliorative measures has passed. It is time to say that U.S. business will not operate in such conditions.

Universities also have a responsibility. More American universities have recently chosen to "sell their shares in companies doing business in South Africa. Others continue to reject divestiture, among them the key figure is the president of Harvard University, Derek Bok.

Mr. Bok leads an admirable program to bring more black South Africans to the United States to study. There is no doubt of his moral concern, or his good faith in opposing divestiture. But the crisis in South Africa has taken so menacing a turn that I think more is required.

There is a course open to Mr. Bok and others that would be immediately useful: to call on the companies in which the universities hold shares to start pulling out of South Africa unless there is a real commitment to change by Jan. 1, the deadline in the bank talk. That may be a last chance to save South Africa from tragedy.

The New York Times.

Nakasone: The Cowboy Boots Fit Fine

By Hobart Rowen

NEW YORK — In Japan, Prime Minister Yasuhiro Nakasone is considered to be a politician with a difference. That has both complimentary and uncomplimentary connotations. His opponents sometimes refer to him as a "weather vane," charging that he shifts with the prevailing political winds.

But his supporters note that he has staked out a more positive, even aggressive, role for Japan in international affairs, gaining Japan some of the respect it deserves within the Western alliance.

Pointedly, he included himself and his country as part of "the West" as he talked during an interview here last week about the Reagan-Gorbachev summit meeting, and about his own new approach to a more fruitful relationship with the Soviet Union.

There was a time when Japanese prime ministers sought to avoid attention at international conferences. Not Mr. Nakasone, who is as adept as Margaret Thatcher at elbowing for a spot next to President Reagan at picture-taking sessions during economic summit conferences.

During the interview, Mr. Nakasone abandoned Japanese formalities and got down to shirt-sleeves in an uncomfortably warm hotel room. Overriding a press aide's warning to me to stick only to "light" issues over lunch, Mr. Nakasone invited questions about the upcoming Reagan-Gorbachev meeting and volunteered that "on the record is O.K."

He is considered the Japanese politician most like American politicians. Is this a fair comparison? "Yes," he said, answering in English. "I think so. My way of talking is somehow like the American way."

valued dollar than trade barriers. So after years in which Japan clung to a philosophy of "export or die," Mr. Nakasone is trying to lead it slowly into a new stage of development in which imports are a crucial element. This, he says, will force the country to change the economic and social fabric or structure so that it will be a harmonious one with the world. Antiquated systems of distribution and other impediments to imports will have to be whittled away.

It will not be easy, largely because the Japanese instinct is to save rather than spend. The current savings rate is an incredible 17 percent of disposable income, compared with an all-time low 2 percent in the United States. That means there is a low personal standard of living in Japan, wealth and power, as people save for their children's education and their own old-age needs.

Mr. Nakasone, who became prime minister in 1982, is serving a second term that ends in November 1986. Under the rules of his Liberal-Democratic Party, there is a two-term limit. But such rules can be changed.

Smilingly, he declined to talk about "this delicate question," which is one of the hottest issues in Japan. "I am not a dictator," he laughed.

His political opponents in Japan say he is too pro-American, too ready to jump at Mr. Reagan's bidding. But Mr. Nakasone has played his version of the John Wayne image well from the average citizen, who has come far from the poverty of the early postwar years and does not mind seeing Mr. Nakasone show the Japanese flag when summit leaders meet abroad.

The Washington Post.

A Murder That Left Much Unsaid

By Philip Geyelin

WASHINGTON — "It ought to go without saying that the murder of Alex Odeh was as heinous as that of Leon Klinghoffer."

From the "Notebook" section of New Republic magazine. No identification was needed for the American tourist savagely slain by the hijackers of an Italian cruise ship. But the New Republic did think identification was needed for Alex Odeh, the West Coast regional director of the American-Arab Anti-Discrimination Committee, or ADC.

Mr. Odeh died when a bomb exploded as he entered his office in Santa Ana, California, on Oct. 11, at the height of the Achille Lauro crisis. Tales of terror against two American citizens — one a Jew, the other a Palestinian Arab born to Roman Catholic parents on what is now the Israeli-occupied West Bank. Two equally heinous crimes. "It ought to go without saying," And yet the New Republic saw a need to say it; almost nobody else had.

Why? Part of it had to do with the drama of the hijacking. The slaying of Mr. Klinghoffer also fit a familiar pattern: violence in far-off places directed against Americans caught up in the Arab-Israeli conflict.

Mr. Odeh's murder, on the other hand, had the look of an isolated "assassination" by someone inflamed by Mr. Odeh's sympathy with the Palestinian cause. But talks with ADC representatives and others in the Santa Ana area suggest there is a "Terror Double Standard," as the New Republic captioned its comment.

Mr. Odeh may not have been chosen at random for cold-blooded killing, as Mr. Klinghoffer was. But he was no less a random victim.

For the last two months the responsibility for opening up the ADC office at an early hour had fallen to Hind Baki, a staff member who was born in Syria, immigrated to the United States in 1976, and became a naturalized citizen in June. Only an earlier than usual appointment brought Mr. Odeh to the booby-trapped office door on the morning of Oct. 11 instead of Mr. Baki.

Thus do the circumstances undercut another theory of the case: that Mr. Odeh had been singled out for killing in retaliation for a telephone interview the night before in which he called for greater recognition of the Palestine Liberation Organization and its chairman, Yasser Arafat. That sort of talk is anathema to a lot of people. But it is hardly ground for terror-bombing. Mr. Odeh is widely described as having been a gentle fellow, a part-time poet as well as a scholar; he had apparently denounced the ship hijacking in particular and terrorism in general in a segment not broadcast.

In any case, there is enough evidence that ADC was the target, and intimidation the aim. A bomb was removed last summer from ADC's Boston office. Hind Baki tells of a rash of bomb threats against the Santa Ana ADC office, the church where Mr. Odeh's funeral was held, the Arab Community Center in Los Angeles, and the Islamic Center of southern California.

So we are not talking about one case. We are talking about a climate of hate. Its ugly, inflammatory nature is best captured in the statement by Yehuda Rubinfeld, a leader of the extremist Jewish Defense League, which is routinely suspected of having a hand in this case. "I have no tears for Mr. Odeh," he says. "I have no tears for the Jew who was murdered."

Which brings up something else that ought to go without saying: The ADC is a respectable organization, headed by a former U.S. senator of Lebanese descent, James Abourezk of South Dakota, and dedicated to improving American public understanding of American interests in the Middle East, as ADC sees them. It is no different from the American-Israeli Public Affairs Committee, but with far less powerful a constituency.

The issue here is not the rights and wrongs of the argument, but the wrongs when the argument is carried to brutal extremes — by either side. That is what happened to Alex Odeh as it did to Leon Klinghoffer. That it can happen in California as well as on a cruise ship in the Mediterranean is answer enough to those who would wish away the Arab-Israeli conflict with "benign neglect."

Washington Post Writers Group.

LETTERS

Manila's Miranda Rule

The editorial "Manila Mocks U.S. Law" (Oct. 8) is unfair to the Philippine government and the Filipino people. It holds that the Philippine Supreme Court erred in ruling that the testimony given by General Fabian Ver before the Agra-finding board could not be used against him; and that President Ferdinand Marcos would use the ruling "to advance his home-grown outlawry."

The correctness of the ruling of the highest court of our land will always be debated, especially by people with a one-dimensional view of the Philippines. But its correctness cannot be determined on the basis of other countries' laws. Suffice it to say that the ruling gave more teeth to the right against self-incrimination guaranteed in our constitution, which, when revised in 1973, adopted America's Miranda rule. Even the opposition in Manila concedes that the Ver ruling, if applied evenly, is a blow in favor of human rights.

Blaming Mr. Marcos for the decision, and calling his administration a "tyranny," guilty of "home-grown outlawry," betrays the editorial writer's bias. We can argue, but not with people in blinders.

GREGORIO S. CENDANA,
Director-General,
Office of Media Affairs, Manila.

TUESDAY, OCTOBER 29, 1985

FUTURES AND OPTIONS

Interest in ECU Creates
Regulatory Issue in U.S.

By JAMES STERNGLAND
New York Times Service

NEW YORK — The European Currency Unit is attracting increasing interest in commodities trading and has brought up a regulatory issue in the United States. The ECU, created by the European Community as a common currency to facilitate trade and commerce among its member nations, was slow in catching on when introduced in 1979 but has come into far greater use in just the past year.

There is still not a piece of paper called an ECU that one can fold in a wallet, but there are bonds, savings accounts, trade agreements and even credit cards denominated in ECUs. Its value, based on a weighted basket of 10 European currencies, currently stands at about 84 cents.

The first bond issue to be denominated in ECUs was offered in the Euro market in April 1981. That broke the ice, and Euro market offerings have since picked up, with almost \$8 billion worth issued. The distinct advantage of ECU-denominated securities is that they are insulated from sharp swings that might hit one currency because of political or economic developments. They thus have a sort of built-in hedge.

ECUs have finally developed some appeal to financial players in the United States. The first ECU bonds to be issued in the United States were offered last November. Since then, \$588 million worth have been sold, according to Bear, Stearns & Co. They have had particular appeal in the United States because many investors and companies are seeking an alternative to the dollar, perceived as having peaked in value after its five-year surge. The diverse base of the ECU thus makes it an excellent vehicle with which to hedge against a falling dollar.

Where the cash market goes, the futures and options markets are sure to follow. Thus, no sooner were the ECU bonds trading on Wall Street than the exchanges developed contracts on the ECU.

THREE applications have been made. The Philadelphia Stock Exchange, which already trades a host of currency options, has proposed an option on the ECU; the Chicago Mercantile Exchange wants to trade an ECU future, and the New York Cotton Exchange has proposed an ECU future, too.

"Eventually, these contracts are likely to be quite successful," said William Byers, director of futures research at Bear, Stearns. "Investors in this country usually bet for or against the dollar. They don't care what the other currency is. Now, they will have a safer vehicle."

Mr. Byers added, though, that the contracts were not expected to catch fire for some time. A regulatory issue has arisen in regard to the Philadelphia exchange's application to trade the ECU option. All of its other currency contracts are under the jurisdiction of the Securities and Exchange Commission. This follows the terms of an agreement between the SEC and the Commodity Futures Trading Commission worked out in 1981 that ended the turf battle they had been waging over the plethora of new financial products and who would regulate them.

This time, however, when the exchange filed its application with the SEC, the Commodity Futures Trading Commission objected, arguing that the ECU was not a commodity but an index of sorts that had some qualities of a commodity, and thus might be better regulated by the futures trading commission.

"It's not like a dollar that you can hold in your hands," Enaida Rosa, director of options regulation at the SEC, agreed. "But to us, with all of its uses, it looks like a currency. We're arguing semantics here." She said the issue would come before the commission in November for a decision.

Even with a resolution then, it is expected that none of the

(Continued on Page 13, Col. 3)

Currency Rates

Cross Rates	Oct. 28
London (Sterling)	1.6325
Paris (Franc)	6.55
Geneva (Franc)	6.55
Basel (Franc)	6.55
Frankfurt (DM)	3.36
Brussels (Franc)	6.55
Amsterdam (Guilder)	3.80
Stockholm (Krona)	4.66
Copenhagen (Krone)	4.83
Helsinki (Markka)	5.94
Tokyo (Yen)	163.25
Osaka (Yen)	163.25
Manila (Peso)	49.6
Seoul (Won)	207.5
Yokohama (Yen)	163.25
San Francisco (Dollar)	1.00
Los Angeles (Dollar)	1.00
Chicago (Dollar)	1.00
New York (Dollar)	1.00
London (Sterling)	1.6325
Paris (Franc)	6.55
Geneva (Franc)	6.55
Basel (Franc)	6.55
Frankfurt (DM)	3.36
Brussels (Franc)	6.55
Amsterdam (Guilder)	3.80
Stockholm (Krona)	4.66
Copenhagen (Krone)	4.83
Helsinki (Markka)	5.94
Tokyo (Yen)	163.25
Osaka (Yen)	163.25
Manila (Peso)	49.6
Seoul (Won)	207.5
Yokohama (Yen)	163.25
San Francisco (Dollar)	1.00
Los Angeles (Dollar)	1.00
Chicago (Dollar)	1.00
New York (Dollar)	1.00

Other Dollar Values	Oct. 28
Canada (Dollar)	1.00
Mexico (Peso)	20.48
Argentina (Peso)	1.36
Brazil (Cruzado)	270.00
Colombia (Peso)	1.36
Costa Rica (Colón)	100.00
Cuba (Peso)	24.00
Dominican (Peso)	100.00
Ecuador (Dólar)	1.00
El Salvador (Colón)	100.00
Guatemala (Quetzal)	100.00
Honduras (Lempira)	100.00
India (Rupee)	47.5
Indonesia (Rupiah)	1,575
Israel (Sheqel)	3.48
Italy (Lira)	2036.27
Japan (Yen)	163.25
Korea (Won)	207.5
Malaysia (Ringgit)	2.36
Nicaragua (Cordoba)	100.00
Pakistan (Rupee)	100.00
Peru (Sol)	3.40
Philippines (Peso)	49.6
Poland (Zloty)	32.00
Portugal (Escudo)	200.48
Romania (Leu)	100.00
Saudi Arabia (Riyal)	3.75
South Africa (Rand)	1.66
Spain (Peseta)	166.64
Sri Lanka (Rupee)	100.00
Switzerland (Franc)	6.55
Taiwan (Dollar)	1.00
Thailand (Baht)	20.48
Turkey (Lira)	100.00
U.S. (Dollar)	1.00
Uruguay (Peso)	100.00
Venezuela (Bolívar)	200.48

Interest Rates	Oct. 28
3-month T-bill	7.125%
6-month T-bill	7.125%
1-year T-bill	7.125%
3-month Treasury note	7.125%
6-month Treasury note	7.125%
1-year Treasury note	7.125%
3-month Corporate bond	7.125%
6-month Corporate bond	7.125%
1-year Corporate bond	7.125%
3-month Municipal bond	7.125%
6-month Municipal bond	7.125%
1-year Municipal bond	7.125%

Key Money Rates	Oct. 28
3-month T-bill	7.125%
6-month T-bill	7.125%
1-year T-bill	7.125%
3-month Treasury note	7.125%
6-month Treasury note	7.125%
1-year Treasury note	7.125%
3-month Corporate bond	7.125%
6-month Corporate bond	7.125%
1-year Corporate bond	7.125%
3-month Municipal bond	7.125%
6-month Municipal bond	7.125%
1-year Municipal bond	7.125%

U.S. Money Market Rates	Oct. 28
3-month T-bill	7.125%
6-month T-bill	7.125%
1-year T-bill	7.125%
3-month Treasury note	7.125%
6-month Treasury note	7.125%
1-year Treasury note	7.125%
3-month Corporate bond	7.125%
6-month Corporate bond	7.125%
1-year Corporate bond	7.125%
3-month Municipal bond	7.125%
6-month Municipal bond	7.125%
1-year Municipal bond	7.125%

Gold	Oct. 28
Gold (per ounce)	\$358.00
Gold (per gram)	\$11.10
Gold (per kilogram)	\$1,110.00
Gold (per ton)	\$11,100.00
Gold (per metric ton)	\$11,100.00
Gold (per short ton)	\$11,100.00
Gold (per long ton)	\$11,100.00
Gold (per hundredweight)	\$11,100.00
Gold (per quintal)	\$11,100.00
Gold (per arroba)	\$11,100.00
Gold (per muid)	\$11,100.00
Gold (per khatib)	\$11,100.00
Gold (per sikh)	\$11,100.00
Gold (per man)	\$11,100.00
Gold (per shahi)	\$11,100.00
Gold (per tola)	\$11,100.00
Gold (per ratti)	\$11,100.00
Gold (per mas)	\$11,100.00
Gold (per damani)	\$11,100.00
Gold (per son)	\$11,100.00
Gold (per ghar)	\$11,100.00
Gold (per chand)	\$11,100.00
Gold (per bhaki)	\$11,100.00
Gold (per shahi)	\$11,100.00
Gold (per tola)	\$11,100.00
Gold (per ratti)	\$11,100.00
Gold (per mas)	\$11,100.00
Gold (per damani)	\$11,100.00
Gold (per son)	\$11,100.00
Gold (per ghar)	\$11,100.00
Gold (per chand)	\$11,100.00
Gold (per bhaki)	\$11,100.00

Markets Closed	Oct. 28
London (Sterling)	1.6325
Paris (Franc)	6.55
Geneva (Franc)	6.55
Basel (Franc)	6.55
Frankfurt (DM)	3.36
Brussels (Franc)	6.55
Amsterdam (Guilder)	3.80
Stockholm (Krona)	4.66
Copenhagen (Krone)	4.83
Helsinki (Markka)	5.94
Tokyo (Yen)	163.25
Osaka (Yen)	163.25
Manila (Peso)	49.6
Seoul (Won)	207.5
Yokohama (Yen)	163.25
San Francisco (Dollar)	1.00
Los Angeles (Dollar)	1.00
Chicago (Dollar)	1.00
New York (Dollar)	1.00

Minebea
To Merge
With Unit

Takeover Offer
Led to Decision

Agency France-Press

TOKYO — Minebea Co., a leading manufacturer of ball bearings, announced Monday that it was merging with a subsidiary clothing sales company to ward off a joint takeover bid by two foreign companies.

Minebea's president, Takami Takahashi, said at a news conference that the merger with Kanemori Co., effective April 1, would raise Minebea's capital to about 17 billion yen (\$79 million). Both companies signed the agreement on Monday.

Mr. Takahashi said the merger plan had been considered "for some time" but the takeover bid by Trafalgar Holdings Ltd. of the United States, headed by Charles Knapp, and Britain's Glen International had prompted the decision. Trafalgar and Glen International announced Friday that they had jointly offered 308 billion yen to buy all Minebea shares, including those reserved for the conversion of warrants and convertible bonds. They said that they would go ahead with a tender offer if Minebea's executive board failed to accept the offer by Nov. 4.

Executives of the two foreign companies were to arrive in Japan Tuesday, but Mr. Takahashi reaffirmed that Minebea would "in no way" respond to the bid, which he said, would not be compatible with Japanese practices.

When the takeover bid became apparent last month, Minebea made a 16-billion-yen issue of bonds, convertible into 20 million ordinary shares. Of that sum, 6 billion yen was reserved for Japanese financial institutions and the remaining 10 billion yen for Mr. Takahashi and his associates.

Trafalgar and Glen International earlier announced they had bought more than 30 percent of Minebea's issue. The Tokyo Stock Exchange suspended trading in Minebea and Kanemori during the day Monday.

Under the agreement, Minebea would absorb Kanemori and rebuild into an enterprise with a combined work force of about 5,500. The agreement values 10 shares in Minebea as worth 18 in Kanemori.

Mr. Takahashi said Monday that there was no need for him to meet the negotiators from Trafalgar and Glen International.

"We have not even received a request for a meeting. They can go ahead and file an application with the Finance Ministry if they want to make a takeover bid in Japan,"

The Finance Ministry can oppose foreign takeover of a company working for Japanese national defense efforts.

By Carl Gewirtz
International Herald Tribune

PARIS — A radical shift in the lending practices of international banks drew a warning from the Bank of International Settlements Monday that these developments "may contain the seeds of future problems."

The innovation in lending practices, which emerged as a result of the debt crisis that began in 1982, has seen direct bank lending replaced by securities-backed operations. The report says that for the first time, credits arranged under these new facilities outpaced classic syndicated bank lending by a ratio of almost 2-1 in the first six months of this year.

BIS, based in Basel, Switzerland, the so-called central bankers' central bank, reported that medium-term facilities obtained by borrowers from banks for the issue of short-term securities totaled \$2.4 billion during the first half of this year, nearly double the \$1.25 billion of syndicated bank loans.

Benetton Boutiques 'Sweep America'
Austere Formula
Sells Sportswear

By Caroline E. Mayer
Washington Post Service

WASHINGTON — Luciano Benetton once joked that the only competition to his Italian clothing boutiques came from fast-food chains. "If people are too busy eating hamburgers, they cannot buy my clothes," he said.

But Mr. Benetton, whose 20-year-old company sells sweaters, jeans and other casual apparel in 53 countries, in fact believes that the two kinds of products appeal to a similar clientele that can afford both.

"The same kids that are eating and consuming hamburgers are the same kids buying our clothing. They are the consuming generation," he said while in Washington earlier this month on one of his frequent U.S. trips to tour his stores.

Last year, Benetton's 3,000 shops sold about 39 million garments. Benetton has become both the world's largest consumer of wool and maker of knitwear, with revenues of \$350 million a year.

Benetton came to the United States five years ago. The company already has more than 250 U.S. shops, with at least one boutique in each of the 50 states. In Manhattan alone, there are a dozen Benetton shops within five miles (about 8 kilometers) of one another. Within the next three years, Benetton hopes to quadruple the number of its shops in the United States.

The shops, with their distinctive kelly green signs, are distinguished from most clothing stores by their sparse furnishings. Only a handful of clothes are displayed on racks; the rest are folded neatly and stacked colorfully on modern shelving that lines the walls all the way up to the ceiling.

"You are seeing a company that is sweeping America," noted Kurt Barnard, president of Barnard's Retail Marketing Report. "The company has emerged as a powerful competitor in the American retail marketplace. Their formula of offering a very narrow but deep selection of clothing is working very beautifully for them," Mr. Barnard added.

Some financial analysts wonder whether Benetton is a mere fad that will experience a slump just as Levi Strauss & Co. and other denim companies did in the 1970s. But Luciano Benetton is confident the chain is here to stay.

"We have a lot of European experience and we have a European vision of fashion that gives us a leg to stand on. Four times each year we create a fashion collection. That means we have to stay with the masses and know what the market is all about," he said.

For Alan Pennington, president of a New York retail consulting firm, Pennington Associates, Benetton represents a "fantastic success story."

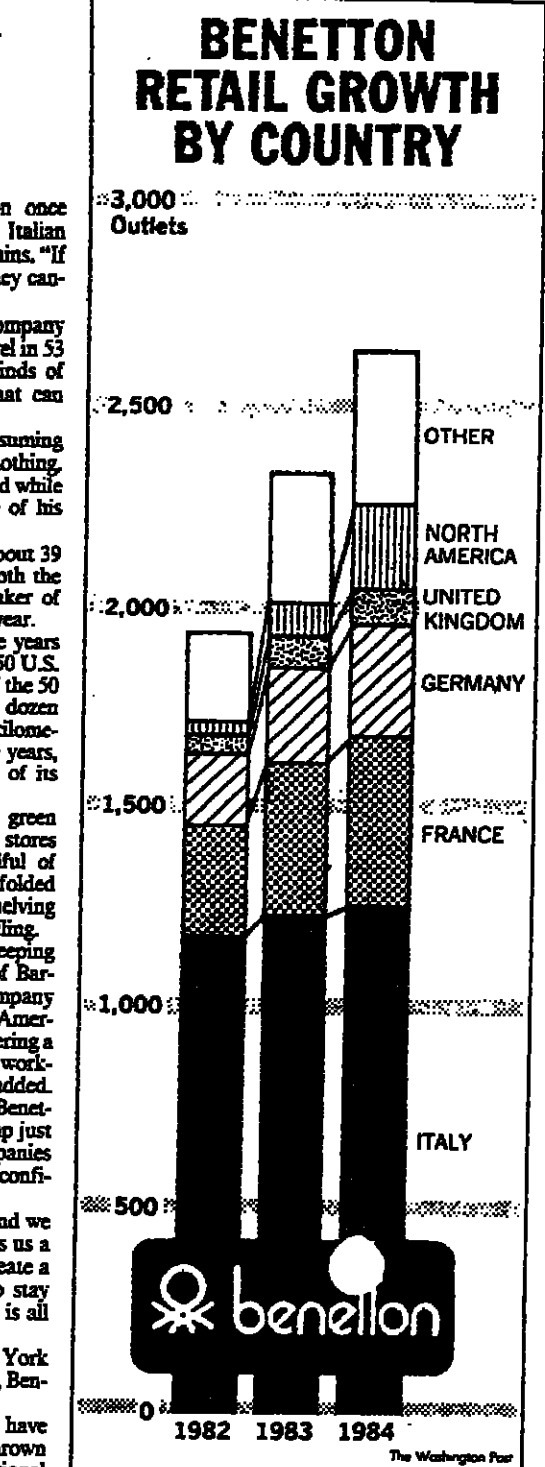
"Like most companies I'm aware of that have done extraordinarily well, Benetton has thrown out the rule book and done things conventional wisdom said couldn't be done," he said.

For example, Mr. Pennington said, Benetton has "set up 250 stores in no time at all." Additionally, "they have taken a relatively limited line and a highly focused line" of clothing and have succeeded in attracting a continuing stream of customers to the stores.

Perhaps even more significant, Benetton "has managed to cross cultures and succeed, which is almost unheard of in marketing. It's hard enough to sell the same toothpaste to both European and American consumers," Mr. Pennington said.

Throughout the world, Benetton has followed a simple formula: It bypasses department stores and sells its manufactured goods directly to consumers in its own boutiques, which are licensed to local businesses under a type of franchise system.

"As far as we're concerned, it would be corruption" to sell Benetton in a department store, the 50-year-old Mr. Benetton said through an interpreter. "Benetton is a winning product," he said.



"It's not possible to deliver through a department store because its effect would be diluted; people would be selling it in different ways" than what Benetton's formula dictates.

The licensed boutiques are the simplest and fastest way to give the client an item right off the factory line at a good price, Benetton officials contend.

One of Benetton's innovations was to produce its garments in unbleached wool. Thus, when a store owner places a rush order of 200 pink garments, the factory can dye the wool — and make sure the colors are exactly the same by using the same dye batch — and deliver them to the store faster than another manufacturer, starting from scratch, could deliver a batch of sweaters to a department store.

As a result of this system, Benetton does not have to make a large batch of clothing in advance (Continued on Page 13, Col. 1)

Chrysler Net Up
21% in Period;
AMC Posts Loss

The Associated Press

HIGHLAND PARK, Michigan — Chrysler Corp., despite heavy spending on sales incentives and a big tax bill, said Monday that its third-quarter earnings rose 21 percent from a year earlier, to a record.

Completing the third-quarter earnings reports of the U.S. automakers, however, tiny American Motors Corp. said later Monday that it had a loss in the period compared with a profit a year earlier.

Chrysler, the third-largest U.S. automaker, said net income rose to \$316.2 million, or \$2.75 a share, from \$261.6 million, or \$1.88 a share, in 1984's third quarter. Sales rose 9.8 percent, to \$4.5 billion, from \$4.1 billion, Chrysler said.

"I think the numbers tell the story," Lee A. Iacocca, Chrysler's chairman, said at a news conference. "We're on a roll here."

The third quarter usually is the costliest period for the automakers because of retooling for new models. However, Chrysler's next wave of new cars and trucks will not be introduced until next year, shifting some costs to later quarters.

"We've got to be doing something right because GM's auto business was down and Ford's was down and we set records," Mr. Iacocca said.

Last week, General Motors Corp., the world's largest car maker, reported a third-quarter profit of \$517 million. However, GM reported an operating loss of \$20.9 million on its primary business, making and selling cars.

Ford Motor Co. reported third-quarter net income of \$313.1 million, placing it in the rare position of trailing Chrysler in the profit category.

American Motors Corp., the fifth largest U.S. automaker and a 46-percent owned unit of France's Renault, said Monday that it had a loss of \$19.1 million in the third quarter versus a profit of \$2.5 million a year earlier. Sales were flat, at \$1.03 billion versus \$1.02 billion in the 1984 quarter.

"Chrysler looked a good deal better than GM or Ford," said David Healy, who follows the industry for Drexel Burnham Lambert Inc. in New York. "Chrysler's profit margins now are well over twice GM's. It's the world turned upside down."

Mr. Iacocca said sales incentives during the quarter, including a six-week rebate and cut-rate financing war, cost the automaker "in the \$150-million range." However, he said the actual costs were lower because of the extra business generated by the incentives.

GM and Ford each said the financing specials cut into profits, and Ford suffered a local strike at the Ohio plant were its high-profit

Ford Thunderbird-Mercury Cougar cars are made.

The latest report marks the eighth consecutive time that Chrysler has reported record profit in a particular quarter.

However, Mr. Iacocca said he expects the string "to break" in the fourth quarter because of the Oct. 16 strikes in the United States and Canada. Chrysler's 70,000 U.S. autoworkers returned to their jobs Monday after ratifying a new contract. The 10,000 striking Canadians went back a week earlier.

The strikes probably will cost Chrysler \$150 million to \$200 million against fourth-quarter profits, Mr. Iacocca said. Chrysler has estimated that the settlements will add more than \$1 billion to its costs over the next three years.

In the first nine months, Chrysler said it earned \$1.4 billion, or \$12 a share, down from \$1.8 billion, or \$13.97 a share, a year earlier. Revenue rose to \$15.8 billion from \$14.2 billion a year earlier.

Tin-Trading Suspension Is Continued

LONDON — The London Metal Exchange said Monday that it would extend through Wednesday a suspension in tin trading. The exchange first suspended trading last Thursday after the International Tin Council withdrew price supports for the metal.

Mike Brown, the LME's chief executive, said that senior officers of LME-listed companies would meet with exchange directors late Monday to discuss the suspension. The exchange also has called for members to divulge their tin-trading positions at a meeting scheduled for Tuesday morning.

The trading halt was called when the metal fell to £8.140 (\$10.01) per metric ton and the ITC ran out of funds to prop the price.

The ITC represents tin producers and consumers, and tries to stabilize prices by buying the metal when the price is low and selling it when the price is high.

Meanwhile, the U.S. General Services Administration said Monday that it would not quote a tin price or offer surplus tin for sale to ferro alloy contract holders.

The agency said it is continuing its suspension of prices and offers because of the continued uncertainty in world tin markets.

The GSA will continue to make daily announcements on the status of its tin stocks, a spokesman said.

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NYSE Most Actives				
Vol.	High	Low	Last	Ch.
Southwest	135.00	134.00	134.00	+1.00
Amgen	125.00	124.00	124.00	+1.00
Amgen	125.00	124.00	124.00	+1.00
Amgen	125.00	124.00	124.00	+1.00
Amgen	125.00	124.00	124.00	+1.00
Amgen	125.00	124.00	124.00	+1.00
Amgen	125.00	124.00	124.00	+1.00
Amgen	125.00	124.00	124.00	+1.00
Amgen	125.00	124.00	124.00	+1.00
Amgen	125.00	124.00	124.00	+1.00

Dow Jones Averages				
Index	Open	High	Low	Last
Indus.	1351.00	1345.00	1340.00	1339.99
Transp.	1427.00	1420.00	1415.00	1414.00
Comp.	148.00	147.00	146.00	145.00
Unemp.	5.20	5.10	5.00	5.00
Unemp.	5.20	5.10	5.00	5.00

NYSE Index				
Index	Open	High	Low	Last
Indus.	1351.00	1345.00	1340.00	1339.99
Transp.	1427.00	1420.00	1415.00	1414.00
Comp.	148.00	147.00	146.00	145.00
Unemp.	5.20	5.10	5.00	5.00
Unemp.	5.20	5.10	5.00	5.00

Monday's NYSE Closing				
Vol.	High	Low	Last	Ch.
Vol.	135.00	134.00	134.00	+1.00
Vol.	135.00	134.00	134.00	+1.00
Vol.	135.00	134.00	134.00	+1.00
Vol.	135.00	134.00	134.00	+1.00
Vol.	135.00	134.00	134.00	+1.00

AMEX Diaries				
Index	Open	High	Low	Last
Indus.	1351.00	1345.00	1340.00	1339.99
Transp.	1427.00	1420.00	1415.00	1414.00
Comp.	148.00	147.00	146.00	145.00
Unemp.	5.20	5.10	5.00	5.00
Unemp.	5.20	5.10	5.00	5.00

NASDAQ Index				
Index	Open	High	Low	Last
Indus.	1351.00	1345.00	1340.00	1339.99
Transp.	1427.00	1420.00	1415.00	1414.00
Comp.	148.00	147.00	146.00	145.00
Unemp.	5.20	5.10	5.00	5.00
Unemp.	5.20	5.10	5.00	5.00

AMEX Most Actives				
Vol.	High	Low	Last	Ch.
Vol.	135.00	134.00	134.00	+1.00
Vol.	135.00	134.00	134.00	+1.00
Vol.	135.00	134.00	134.00	+1.00
Vol.	135.00	134.00	134.00	+1.00
Vol.	135.00	134.00	134.00	+1.00

Dow Jones Bond Averages				
Index	Open	High	Low	Last
Indus.	1351.00	1345.00	1340.00	1339.99
Transp.	1427.00	1420.00	1415.00	1414.00
Comp.	148.00	147.00	146.00	145.00
Unemp.	5.20	5.10	5.00	5.00
Unemp.	5.20	5.10	5.00	5.00

NYSE Diaries				
Index	Open	High	Low	Last
Indus.	1351.00	1345.00	1340.00	1339.99
Transp.	1427.00	1420.00	1415.00	1414.00
Comp.	148.00	147.00	146.00	145.00
Unemp.	5.20	5.10	5.00	5.00
Unemp.	5.20	5.10	5.00	5.00

Odd-Lot Trading in N.Y.				
Index	Open	High	Low	Last
Indus.	1351.00	1345.00	1340.00	1339.99
Transp.	1427.00	1420.00	1415.00	1414.00
Comp.	148.00	147.00	146.00	145.00
Unemp.	5.20	5.10	5.00	5.00
Unemp.	5.20	5.10	5.00	5.00

Standard & Poor's Index				
Index	Open	High	Low	Last
Indus.	1351.00	1345.00	1340.00	1339.99
Transp.	1427.00	1420.00	1415.00	1414.00
Comp.	148.00	147.00	146.00	145.00
Unemp.	5.20	5.10	5.00	5.00
Unemp.	5.20	5.10	5.00	5.00

AMEX Sales				
Index	Open	High	Low	Last
Indus.	1351.00	1345.00	1340.00	1339.99
Transp.	1427.00	1420.00	1415.00	1414.00
Comp.	148.00	147.00	146.00	145.00
Unemp.	5.20	5.10	5.00	5.00
Unemp.	5.20	5.10	5.00	5.00

AMEX Stock Index				
Index	Open	High	Low	Last
Indus.	1351.00	1345.00	1340.00	1339.99
Transp.	1427.00	1420.00	1415.00	1414.00
Comp.	148.00	147.00	146.00	145.00
Unemp.	5.20	5.10	5.00	5.00
Unemp.	5.20	5.10	5.00	5.00

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Prices Close Mixed on NYSE

NEW YORK — Prices finished mixed Monday on the New York Stock Exchange in moderate trading after a last-hour blue chip rally pushed the Dow Jones industrial average into plus territory.

The industrial average closed up 3.47 points at 1,339.99. The New York Stock Exchange index rose 0.06 to 108.42. The price of an average share rose two cents.

Declines outpaced advances by an 8-7 ratio. Volume totaled 97.9 million, down from 101.2 million Friday.

Marvin Katz of Sanford C. Bernstein said the late buying was the result of weakness in the bond market and to investors' realization that equities, especially blue chips, are undervalued. Sanford C. Bernstein has been forecasting strong U.S. economic growth for the fourth quarter. Mr. Katz said the Dow would climb above the 1,400 level before the end of the year.

Other analysts have been concerned about the divergence between the Dow's performance and that of the broader market.

"The blue-chip Dow industrial index is just a few points below its all-time high, but the broader market indexes are quite a bit below their respective peaks," said Ralph Acampora of Kidder Peabody.

The relative strength in the blue-chip issues has not filtered out into the broader market, Mr. Acampora said. Until it does, the sustainability of any rally is in question, he said.

Monte Gordon, director of research at Dreyfus Corp., said no trend has developed that is important enough to boost the market out of its trading range.

"Economic signals are still mixed," Mr. Gordon said. "We've avoided a recession, but nothing has occurred that will have a significant bearing on the outlook for corporate earnings."

Consolidated Edison was the most active NYSE-listed issue, unchanged at 35 1/2. Southern Company followed, up 1/4 to 20 1/2.

Texas Oil & Gas was third, down 1 1/2 to 18. U.S. Steel Corp. said it expects to conclude talks with Texas Oil & Gas Corp. about a merger early this week. U.S. Steel was up 1/4 to 28 1/2.

UAL Inc., the parent of United Airlines, fell 1 1/2 to 45 1/2. It reported third-quarter earnings of 46 cents, down from \$1.75 in the year-earlier quarter.

Among technology issues, IBM added 1 1/2 to 129 1/2. Digital Equipment rose 1 1/2 to 111 1/2. Sony increased 1/2 to 18 1/2 and Control Data added 1/2 to 18 1/2. Control Data reported a third-quarter loss.

Texas Instruments dropped 2 1/2 to 90 1/2. After the market closed Friday, the company reported a third-quarter loss and said it will dismiss 2,200 workers.

Honeywell eased 1/4 to 59 1/2. It said its electronics division will cut its work force by about 180 employees by the end of the year.

Phibro-Salomon lost 1/4 to 36 1/2. It announced a repositioning program for its nonenergy commodities trading subsidiary Philip Brothers Inc. that will result in the dismissal of about 600 employees.

Warner Lambert fell 1 to 35 1/2. It has temporarily suspended sales of its anti-arthritis drug Ilokalim.

Monsanto dropped 1 1/2 to 42 1/2 after a financial journal focused on lawsuits related to G.D. Searle & Co.'s Copper-7 intravenous drug. Monsanto bought G.D. Searle & Co. in July.

12 Month	High	Low	Stock	Div. Yld.	PE	12 Month	High	Low	Stock	Div. Yld.	PE	12 Month	High	Low	Stock	Div. Yld.	PE
135.00	134.00	134.00	134.00	+1.00	13.5	135.00	134.00	134.00	134.00	+1.00	13.5	135.00	134.00	134.00	134.00	+1.00	13.5
125.00	124.00	124.00	124.00	+1.00	12.5	125.00	124.00	124.00	124.00	+1.00	12.5	125.00	124.00	124.00	124.00	+1.00	12.5
115.00	114.00	114.00	114.00	+1.00	11.5	115.00	114.00	114.00	114.00	+1.00	11.5	115.00	114.00	114.00	114.00	+1.00	11.5
105.00	104.00	104.00	104.00	+1.00	10.5	105.00	104.00	104.00	104.00	+1.00	10.5	105.00	104.00	104.00	104.00	+1.00	10.5
95.00	94.00	94.00	94.00	+1.00	9.5	95.00	94.00	94.00	94.00	+1.00	9.5	95.00	94.00	94.00	94.00	+1.00	9.5
85.00	84.00	84.00	84.00	+1.00	8.5	85.00	84.00	84.00	84.00	+1.00	8.5	85.00	84.00	84.00	84.00	+1.00	8.5
75.00	74.00	74.00	74.00	+1.00	7.5	75.00	74.00	74.00	74.00	+1.00	7.5	75.00	74.00	74.00	74.00	+1.00	7.5
65.00	64.00	64.00	64.00	+1.00	6.5	65.00	64.00	64.00	64.00	+1.00	6.5	65.00	64.00	64.00	64.00	+1.00	6.5
55.00	54.00	54.00	54.00	+1.00	5.5	55.00	54.00	54.00	54.00	+1.00	5.5	55.00	54.00	54.00	54.00	+1.00	5.5
45.00	44.00	44.00	44.00	+1.00	4.5	45.00	44.00	44.00	44.00	+1.00	4.5	45.00	44.00	44.00	44.00	+1.00	4.5
35.00	34.00	34.00	34.00	+1.00	3.5	35.00	34.00	34.00	34.00	+1.00	3.5	35.00	34.00	34.00	34.00	+1.00	3.5
25.00	24.00	24.00	24.00	+1.00	2.5	25.00	24.00	24.00	24.00	+1.00	2.5	25.00	24.00	24.00	24.00	+1.00	2.5
15.00	14.00	14.00	14.00	+1.00	1.5	15.00	14.00	14.00	14.00	+1.00	1.5	15.00	14.00	14.00	14.00	+1.00	1.5
5.00	4.00	4.00	4.00	+1.00	0.5	5.00	4.00	4.00	4.00	+1.00	0.5	5.00	4.00	4.00	4.00	+1.00	0.5

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United Press International

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12 Month	High	Low	Stock	Div. Yld.	PE	12 Month	High	Low	Stock	Div. Yld.	PE
135.00	134.00	134.00	134.00	+1.00	13.5	135.00	134.00	134.00	134.00	+1.00	13.5
125.00	124.00	124.00	124.00	+1.00	12.5	125.00	124.00	124.00	124.00	+1.00	12.5
115.00	114.00	114.00	114.00	+1.00	11.5	115.00	114.00	114.00	114.00	+1.00	11.5
105.00	104.00	104.00	104.00	+1.00	10.5	105.00	104.00	104.00	104.00	+1.00	10.5
95.00	94.00	94.00	94.00	+1.00	9.5	95.00	94.00	94.00	94.00	+1.00	9.5
85.00	84.00	84.00	84.00	+1.00	8.5	85.00	84.00	84.00	84.00	+1.00	8.5
75.00	74.00	74.00	74.00	+1.00	7.5	75.00	74.00	74.00	74.00	+1.00	7.5
65.00	64.00	64.00	64.00	+1.00	6.5	65.00	64.00	64.00	64.00	+1.00	6.5
55.00	54.00	54.00	54.00	+1.00	5.5	55.00	54.00	54.00	54.00	+1.00	5.5
45.00	44.00	44.00	44.00	+1.00	4.5	45.00	44.00	44.00	44.00	+1.00	4.5
35.00	34.00	34.00	34.00	+1.00	3.5	35.00	34.00	34.00	34.00	+1.00	3.5
25.00	24.00	24.00	24.00	+1.00	2.5	25.00	24.00	24.00	24.00	+1.00	2.5
15.00	14.00	14.00	14.00	+1.00	1.5	15.00	14.00	14.00	14.00	+1.00	1.5
5.00	4.00	4.00	4.00	+1.00	0.5	5.00	4.00	4.00	4.00	+1.00	0.5

(Continued on Page 11)

BUSINESS ROUNDUP

Arco Reports Gains For Quarter, After Loss

LOS ANGELES — Atlantic Richfield Co. reported on Monday third-quarter earnings of \$403 million, compared with a \$519-million loss a year earlier.

Third-quarter revenues slipped 8.6 percent to \$5.50 billion from \$6.02 billion.

Net earnings in the third quarter last year were before \$317 million, or \$1.23 a share, if the company had not had unusual items and losses on discontinued operations totaling \$836 million, Arco said. The company reported a \$1.1-billion deficit in the second quarter this year, resulting from a decision to streamline its business.

Arco's president, Lodewijk M. Cook, said the improved earnings reflected higher profit margins on petroleum products, reduced exploration expenses and a drop in operating costs as a result of the company's restructuring program.

By the end of the third quarter Arco already had spent about \$2.2 billion of a projected \$4 billion to repurchase shares of its common stock.

Mr. Cook said that during the quarter Arco "experienced a soft-

ening in natural-gas markets and continued weakness in commodity chemical markets."

Earnings on worldwide oil and gas operations rose 5 percent to \$300 million in the quarter from \$286 million a year earlier. Refining and markets profits were up 482 percent to \$99 million, while coal earnings rose 60 percent to \$24 million on higher coal shipments.

Transportation earnings fell 12 percent to \$90 million because Arco had a lower tariff for its share of the Trans Alaska Pipeline System and chemical profits were down 14 percent to \$30 million.

For the first nine months Arco had a net loss of \$344 million compared with a profit of \$282 million, or \$1.09 a share, in the first nine months of 1984. Revenues were off 8 percent to \$17.04 billion from \$18.59 billion.

Swedish Producer Prices Rise

STOCKHOLM — Producer prices in Sweden rose 0.3 percent in September from August and were up 4.2 percent from a year earlier, the government reported Monday.

Merrill Lynch Shows Decline in 3d-Quarter Net

NEW YORK — Merrill Lynch & Co. on Monday reported third-quarter profit of \$38.3 million, less than half the \$80.0 million reported in the like period of 1984.

The worldwide financial-services firm reported per-share earnings of 38 cents a share, down 87 cents from a year earlier. Revenues for the quarter were \$1.75 billion, compared with \$1.66 billion.

The Sale of the One Liberty Plaza building housing Merrill Lynch headquarters in the Wall Street financial district added \$46 million to third-quarter 1984 net income. A gain of \$9 million stemming from tax law changes was also added to last year's third-quarter income.

Without those one-time gains, Merrill Lynch would have earned \$25 million, or 27 cents a share, in the third 1984 quarter.

Profit for the first nine months soared 146 percent, to \$161.6 million, compared with \$65.8 million a year earlier.

Control Data Reports Loss For Quarter

BLOOMINGTON, Minnesota — Control Data Corp. on Monday reported a third-quarter loss of \$255.6 million, or \$6.65 a share, but the computer and financial services company said more than half the loss came from "narrowing the scope" of its operations to regain profitability.

The deficit compared with a net loss of \$54.5 million, or \$1.41 in the third quarter of 1984.

The company also reported that it was continuing discussions with its lenders to restructure its financing agreements and said talks "are proceeding satisfactorily."

Control Data was planning to get \$300 million in September from a debt offering, but withdrew the offering for fear that growing losses would scare off backers.

"We don't have anything really new to report" on the company's negotiations to get new credit terms, said a spokeswoman, Susan Busch.

Control Data's revenue for the quarter was \$1.2 billion, almost unchanged from \$1.24 billion for the third quarter last year.

Dick Reid, a company spokesman, said \$153.8 million of the third-quarter loss was attributable to special charges associated with restructuring and reductions in the scope of business activities to reverse the downward trend.

The special charges included the anticipated divestiture of the company's business-products operation, which manufactures and sells computer disk packs, computer tapes, and flexible diskettes.

Control Data will continue to manufacture mainframes, supercomputers, workstations and terminals, software and some data-storage devices for mainframe computers, primarily as an original equipment manufacturer.

Mr. Reid said consolidated loss for the first nine months of 1985 totaled \$269.6 million, or \$7.02 a share.

Guinness Peat Makes Bid To Buy Britannia Arrow

LONDON — Guinness Peat Group PLC said Monday that it was bidding for Britannia Arrow Holdings PLC with a share offer of 140.6 pence (\$2) per Britannia Arrow share and a cash alternative of 130 pence a share.

The share offer values Britannia Arrow at £212 million (\$301 million). Guinness Peat already holds a 28-percent interest in the company. Guinness Peat is offering 15 of its ordinary shares for every 8 Britannia shares.

Britannia Arrow said later in the day that its board had rejected the offer from Guinness Peat as inadequate.

In January, Guinness Peat bought a 23-percent interest in Britannia, or about 34.33 million ordi-

Company Results

Revenue and profits or losses, in millions, are in local currencies unless otherwise indicated.

Canada

Falconbridge

	1985	1984
Revenue	4,085	4,055
Operating Profit	1,235	1,235
Net Profit	1,235	1,235
Per Share	2.75	2.75

France

Lesieur

	1985	1984
Revenue	4,085	4,055
Operating Profit	1,235	1,235
Net Profit	1,235	1,235
Per Share	2.75	2.75

Italy

Mediobanca

	1985	1984
Revenue	4,085	4,055
Operating Profit	1,235	1,235
Net Profit	1,235	1,235
Per Share	2.75	2.75

Norway

Elkem

	1985	1984
Revenue	4,085	4,055
Operating Profit	1,235	1,235
Net Profit	1,235	1,235
Per Share	2.75	2.75

United States

Ames

	1985	1984
Revenue	4,085	4,055
Operating Profit	1,235	1,235
Net Profit	1,235	1,235
Per Share	2.75	2.75

Germany

Ammerl

	1985	1984
Revenue	4,085	4,055
Operating Profit	1,235	1,235
Net Profit	1,235	1,235
Per Share	2.75	2.75

Japan

Grayhound

	1985	1984
Revenue	4,085	4,055
Operating Profit	1,235	1,235
Net Profit	1,235	1,235
Per Share	2.75	2.75

Switzerland

Timken

	1985	1984
Revenue	4,085	4,055
Operating Profit	1,235	1,235
Net Profit	1,235	1,235
Per Share	2.75	2.75

U.S. Futures

Grains

Season	Open	High	Low	Close	Chg.
Dec	41.50	41.75	41.25	41.50	-0.25
Mar	41.50	41.75	41.25	41.50	-0.25
May	41.50	41.75	41.25	41.50	-0.25
Jul	41.50	41.75	41.25	41.50	-0.25
Sep	41.50	41.75	41.25	41.50	-0.25
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Jan	41.50	41.75	41.25	41.50	-0.25

Tokyo Widens Limits On Yen Bond Futures

Reuters
TOKYO — The Tokyo Stock Exchange said Monday that it had raised the daily permissible move for yen bond futures to

Thai Economy Reported at Ebb

Reuters
BANGKOK — Thailand's economy is in its worst shape in 20 years and shows no signs of improving in 1986, the president of Bangkok Bank Ltd., Chatri Sophonpanich, said in an internal bank circular.
As contributing factors, Mr. Chatri pointed to a 14.8-percent devaluation of the baht last November and a sharp decline in commodity prices this year. He said Thailand's deficit on merchandise trade widened to 43.9 billion baht (\$1.64 billion) in the first seven months of 1985 from 40.8 billion a year earlier.
The banker said a cut of two percentage points in the local bank prime rate to 15.5 percent this year failed to achieve its objective of spurring trade and investment.

Benetton 'Sweeps America' With Unorthodox Marketing Style

(Continued from Page 9)
orders, allowing the company to top its inventory and cash needs. Also, with its method of licensing, it does not have to spend a lot of money on new stores and is at little risk of a store failure.
Although Benetton has sold its goods in Europe under a variety of names — including Benetton, Sisley, Tomaso, My Market, Mercurio — the company has promoted its clothes in the United States so far only under the Benetton name. Its children's store, for example, is called 012 Benetton. 2 stands for children's sizes, 0 to 10.
Now, however, in an effort to expand its market share and get more customers to buy more of Benetton's products in the United States, the company is testing its ropan formula in the U.S. mar-

Bank Upgrades Office

United Press International
TOKYO — Fuji Bank, a major Japanese commercial bank, said Monday that it has upgraded its representative office in Houston, Texas, to promote banking activities in Texas, Louisiana, Arkansas and Oklahoma. The company said the decision is designed to meet the "campaign to attract corporate investment by offering preferential incentives for investment. The branch, led by the Houston Agency, began operations Monday, it said.

ECU Options Stir Interest BIS Issues Warning On Changes in Lending

(Continued from Page 9)
exchanges would begin trading ECU contracts before the first quarter of 1986, at the earliest.
Michael Snow, head of foreign exchange and futures at Union Bank of Switzerland's New York office, said a lack of knowledge and technical difficulties would make the market slow to develop.
"It takes a totally different type of trader to deal in ECUs," he said. "And you need to develop new software for your computers. And the Europeans are not really used to dealing in cash futures products. There are the time differences between Europe and here, too. So I think that it could take time before they are active."

The current December position dropped the limit of one full point for two consecutive days last Friday and Saturday, closing at 99.63 Saturday. The key cash bond price fell more than seven points in the same period, bond dealers said.
The yield of the bellwether 6.8-percent 10-year government bond rose to a high of 6.70 percent Saturday before falling to a close of 6.30 percent, compared with 6.20 on Friday. The yield rose to 6.48 percent in early trading Monday, dealers said.
The sudden drop in cash and futures bond prices is due to the Bank of Japan's upward guidance of short-term yen interest rates to promote the yen against the dollar, dealers said.

White Consolidated Net Drops 49% for Quarter

The Associated Press
CLEVELAND — White Consolidated Industries Inc. reported Monday that third-quarter profits plunged almost 49 percent compared with the third quarter of 1984.
WCI said it had net earnings of \$7.4 million, or 44 cents a share, in the third quarter ended Sept. 30,

(Continued from Page 9)
creasing volume of this off-balance-sheet business was originally undertaken to improve the bank's profitability, it is now increasingly being done on very thin margins.
It also points out that holding marketable securities "might cause problems to the banking sector in the case of a general tightening of credit conditions." Banks would be obliged to mark down the value of those holdings to the actual market rate, whereas direct loans can be carried at full face value even when the borrower's credit standing has deteriorated because there is no clear market value for those loans.
Overall, the regular BIS quarterly review of the international banking market shows that net international bank credit in the second quarter was unchanged from the depressed first-quarter level of \$15 billion.

"Creditworthy borrowers turned increasingly to the securities markets and at the same time banks continued to be reluctant to increase their exposure to heavily indebted countries," the report said.
Lending to Latin America, after declining \$800 million in the previous two quarters, showed no change. Eastern Europe was a big

taker of funds, amounting to \$2.5 billion. Lending to the Middle East (mostly Egypt and Israel) rose \$1.3 billion and to Asia \$800 million. By contrast, loans to oil-producing countries dropped \$1.7 billion after the \$700-million decline in the first quarter.
Although U.S. banks sharply reduced their taking of funds to \$500 million from the first-quarter \$9.8 billion, the nonbank sector borrowed \$4.8 billion and drew down deposits by \$3.9 billion, resulting in a flow of funds to the United States of \$9.2 billion, compared with \$7.5 billion in the previous quarter.
For the first half of the year, the BIS estimated that credit provided by the international markets totaled \$70 billion, unchanged from the previous six months but below the \$80 billion of the first half last year.

This new calculation of total international finance is made up of \$30 billion of net international bank lending and \$63 billion of net international bond financing (after redemptions or repurchases), minus an estimated \$23 billion of banks' bond holdings included in the banking data or issued by banks to support their lending operations.

Japan Output Falls by 1.1%

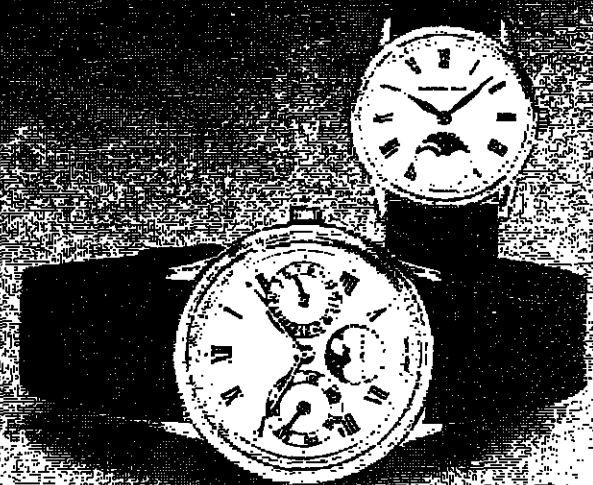
Reuters
TOKYO — Japan's index of preliminary industrial output fell 1.1 percent to a seasonally adjusted 121.4 in September from 122.8 in August, when it was down 0.7 percent from July, the Ministry of International Trade and Industry reported Monday.
The year-to-year preliminary unadjusted rise for September was 3.5 percent, compared with a 4.1-percent increase in August. The index base year is 1980.

U.S. Productivity Climbed At 1.2% Rate in 3d Quarter

The Associated Press
WASHINGTON — The productivity of U.S. businesses climbed at an annual rate of 1.2 percent during the period from July through September, the same advance posted in the spring, the government reported Monday.
The Labor Department said the third quarter gain in nonfarm business productivity included an increase in output of 3.2 percent. Hours worked by employees rose 2 percent.
The third-quarter gain in productivity, the measure of output per hours worked, matched a 1.2-

percent April-June increase. Both quarters were sharply higher than the figure for the first three months of the year, when productivity plunged at an annual rate of 3.1 percent.
The news on productivity follows other government statistics that have shown that the pace of U.S. economic activity was accelerating.
The overall economy grew at an annual rate of 3.5 percent in the July-September quarter, three times the pace of the first six months of the year.

The New Classics

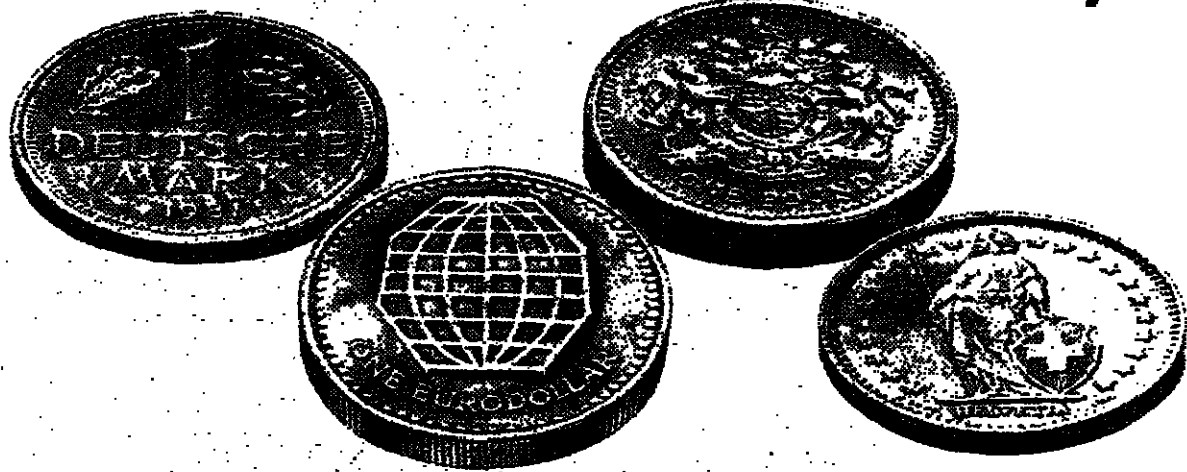


Audemars Piguet
la plus prestigieuse des signatures

Capital-Market Issues In India at Record High

Reuters
NEW DELHI — New equity shares and convertible and non-convertible debentures with a record value of 1.25 billion rupees (\$103.6 million) were issued between July and September this year, the Economic Times research bureau said Monday.
The newspaper said the amount was up from 1.05 billion rupees in the same 1984 period and compares with 800.5 million rupees raised between April and June 1985. Prime Minister Rajiv Gandhi's liberal corporate-tax policy and the opening up of the stock market have helped to encourage investment, business analysts said.

IF YOU CAN TELL US EXACTLY WHAT THESE WILL BE WORTH IN SIX MONTHS TIME,



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Corporate treasurers use CME options as "insurance policies" against future rate fluctuations in hedging strategies, tender or takeover situations and as an insulation against translation exposures.

Leading banks, institutions and government dealers use CME options as an essential dealing and arbitrage tool to lay off foreign currency and interest rate risk. The high volume of CME options and the tight pricing

which arises from the link between our options and futures contracts has enabled our customers to benefit from an improved and even more sophisticated service.

For a free copy of "Options on Currency Futures: An Introduction" and/or "Options on Eurodollar Futures: An Introduction", write to or telephone Keith Woodbridge or Neil McGeown at Chicago Mercantile Exchange, 27 Throgmorton Street, London, EC2N 2AN. Telephone: 01-920 0722. Telex: 892577 IMM LON G.



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Ramada Renaissance Hotel, Alexandria

Hello, Christian?
Happy Birthday!
... Where am I? At the Ramada Renaissance, having breakfast. With a glass of champagne because you're ten years old! The hotel even put flowers on the table — they must've guessed today is special.
... My room here? Really comfortable — feels like I'm at home. Big difference is, I have a balcony looking out over the sea.
... Cost lots? No, don't worry — I'll still be able to buy you a present to bring back.
... Yes, you're right. I will be staying here again next time ...!

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NEXT TIME, RAMADA — now in more than 20 countries worldwide.

TOKYO — Japan's steel exports fell 4.5 percent in September from a year earlier, to 2.6 million tons, according to government statistics.

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Congress, Exchanges Debate Unequal Stock

By Gary Klotz
New York Times Service

NEW YORK — In the 1960s, a highly successful New York Stock Exchange advertising campaign persuaded millions of investors to buy shares of American companies. These days, the Big Board is still promoting share ownership, but to a chagrin, it is having to acknowledge that not all shareholders of one corporation get the same rights for their money.

The discrepancy between two different classes of stock within the same company, in fact, is the subject of a heated debate between Congress and Wall Street that now appears headed for a showdown — and will shape the future control and ownership of many of the nation's largest corporations. It stems from the moves in recent years by prominent companies, such as General Motors, to create a second class of common stock. Fearing a loss of influence to the American and National Association of Securities Dealers, the New York exchange put a freeze on the doling of companies that were infringing on the rules and set up an eight-member committee to re-evaluate its standards.

Defenders of superior voting shares contend that they have become an essential tool to protect the long-term interests of shareholders against the threat of a hostile takeover by arbitrageurs and speculators who are seeking only short-term profits.

"We've seen many companies in the greening and field go under after they were purchased by people outside the company, and business," said Allan J. Goodfellow, secretary and general counsel of American Greetings Corp., which issued a second class of stock in 1955 to insure that the founding Sapirstein family maintained control. "I'm certain our company would have been swallowed up under tender offers if it weren't for the establishment of two classes."

On the other side of the debate, the issue has sparked fears that much of the nation's wealth and resources could one day end up controlled by entrenched managerial bureaucracies, whose majority voting power would allow them to rule their corporate kingdoms for generations unfettered by the threat of takeovers or the interests of shareholders.

After studying the issue, the NYSE panel recommended that the exchange allow two classes of shares with unequal voting rights, provided that the plan was approved by a two-thirds vote of common shareholders, along with other conditions. No final decision has yet been made by the board.

Richard Torrezano, a spokes-

man for the NYSE, said the Big Board would prefer to retain its current standards, "but the competitive environment may very well make it impossible for us standing alone to retain the one-share, one-vote rule."

For his part, John S.R. Shad, chairman of the Securities and Exchange Commission, pressed the NASD and American Exchange to tighten their standards so that the Big Board would not feel compelled to loosen its own.

In Congress, Senator Alfonse D'Amato, Republican of New York, and Representative John D. Dingell, Democrat of Michigan, submitted legislation that would require one-share, one-vote and vote to press forward with their bills if the exchanges could not agree on a similar standard.

Officials from the three exchanges met once in June, but no agreement was reached and no other meetings are planned.

"We hosted one lunch and we've heard nothing constructive since then," said Gordon S. Macklin, president of the NASD.

The Big Board said the NYSE had no plans to take immediate action, but would see what other exchanges do "over the next few months."

The Amer has said it would go along if the NASD did. But the NASD board decided that the issue required further study.

"The ball's in Macklin's court," Mr. Shad of the SEC said recently

How Policies Differ on Two Classes of Stock for the Same Company

The New York Stock Exchange prohibits its listed companies from having two classes of stock, but the Big Board has delayed defining a half-dozen companies that have such stock and is considering loosening its rules.



John J. Phelan Jr., chairman of the New York Stock Exchange.

The National Association of Securities Dealers allows two classes of stock with unequal voting rights and has about 100 companies listed with such arrangements. Its board has voted to study raising its standards.



Gordon S. Macklin, president of the National Association of Securities Dealers.

The American Stock Exchange allows two classes of stock with unequal voting rights, and has 65 such companies listed. Under its rules, the stronger voting shares cannot exceed 10 times the voting power of the regular class.



Arthur Levitt Jr., chairman of the American Stock Exchange.

when asked about the prospects for a resolution. But Mr. Shad said he hoped the issue could be resolved by the end of the year.

Mr. Macklin, however, said he did not believe that it was possible to complete the NASD study and come up with a decision before next year. Although he said it was too early to predict the outcome, he said "there is very little evidence at the moment supporting" a one-share, one-vote rule."

In the search for a solution, policy-makers have turned to the academic community, which has conducted some recent studies. But opinions there are also divided.

Citing some mutual insurance companies and savings banks as examples, Joel Seligman, professor of securities at George Washington University's National Law Center, said there was evidence that self-perpetuating institutions did "tend to be less efficiently run than when there is a risk of being taken over."

In addition, he said, the stock was worth less when voting rights were diluted, since the chance for stockholders to receive a takeover offer was reduced if management had the voting power to reject all such offers.

But Harry DeAngelo, associate professor of finance at the Graduate School of Management at the University of Rochester, New York, said that in scanning the list of major companies that have issued a second class of stock — including The Washington Post Co., The New York Times Co.,

Nike and Adolf Coors — one would find well-recognized names and successful products, not evidence of management having grown lazy because of their young control. Furthermore, he thinks superior voting shares can in some instances bolster long-term stock values — such as in the case of newspaper companies that need to remain in trusted, independent hands.

"There are sensible economic reasons for these arrangements and stockholders and managers are perfectly capable of deciding under which circumstances they are appropriate," he said.

Research by Mr. DeAngelo also indicates that management has substantial financial motivation to perform well even if it is legally entrenched. In cases where management has majority voting control, according to his research, they typically own at least a 25-percent financial stake in the company. Of 45 companies studied, he found only two instances in which management had majority control but owned less than a 10-percent financial stake.

No matter what the outcome, Robert B. Reich, professor of business and public policy at Harvard University, is not worried about shareholders. Even if they lose voting control, he said, they still can "vote" by selling their shares, which itself can be a powerful discipline on management. "The vote is moment by moment, second by second."

CURRENCY MARKETS

Dollar Eases Lower in U.S. and Europe

NEW YORK — The dollar eased modestly lower in U.S. and European trading Monday as markets responded to rising interest rates in Japan and West Germany, dealers said.

The Japanese yen was once again the pacesetter, firming in New York to 213.20 to the dollar from 214.45 at Friday's close in a continuing reaction to the sharp rise in short-term domestic interest rates engineered at the end of last week by the Bank of Japan.

A matching move by West Germany's Bundesbank to push up West German interest rates by selling dollars forward also weighed on the U.S. currency, which slipped to 2.6390 Deutsche marks from 2.6480 at Friday's finish.

In earlier trading in London, the U.S. currency slipped to 2.6420 DM from 2.6445 at Friday's close, and to 213.42 yen from Friday's close in London of 214.70.

Dealers said the interest-rate moves by the Japanese and West German banks were followed by

intervention by other major banks, and led to uncertainty over whether the industrial powers were attempting a concerted effort to stabilize currency rates.

"It's much too early to decide that central banks have decided to tackle the dollar problem with interest rates," said David Palmer, senior vice president at First American Bank of New York. "Even though the Group of Five promised to bring down the dollar, I think we might see movements in short-term rates turn out to be coincidental rather than coordinated."

Another dealer noted that the slight drop in the dollar was well within its current range. "On the spot there is still a good commercial demand for dollars," he said.

He noted that "We're all waiting to see if the natural demand for the dollar will abate as a result of the Group-of-Five moves against the dollar."

Other closing dollar rates in New York on Monday, compared with Friday, included: 8.0530 French

francs, down from 8.0750; 2.1625 Swiss francs, down from 2.1690; and 1,781.25 Italian lire, down from 1,787.00. The British pound gained to \$1.4275 from \$1.4235.

In earlier trading in Europe, the dollar was fixed at mid-afternoon in Frankfurt at 2.6458 DM, virtually unchanged from 2.6455 at the Friday fixing. It closed at 213.65 yen in Tokyo, down from 214.90 at Friday's close.

In other European markets Monday, the dollar was fixed in Paris at 8.0650 French francs, down from 8.0680; at 2.9655 Dutch guilders in Amsterdam, up from 2.9650; and at 1,785.60 Italian lire in Milan, up slightly from 1,785.00. In Zurich, the dollar rose to 2.1668 Swiss francs from 2.1650 on Friday.

The British pound, meanwhile, firmed slightly on the back of a slight rise in shorter-term U.K. interest rates. It closed in London at \$1.4280, nearly unchanged from \$1.4260 at the opening and Friday's close of \$1.4225.

THE EUROMARKETS

Friday's Japanese Rate Rise Shadows Market

By Christopher Pizzey

LONDON — Secondary-market trading in Eurobonds remained overshadowed Monday by Friday's rise in short-term interest rates in Japan, dealers said.

Seasoned European bonds had shown falls stretching toward two full points during the morning, but prices tended to recover in the afternoon to end well above the day's lows, dealers added.

Dollar straightened eased, with operators nervous that Japanese investors would sell bonds to cover losses incurred domestically. This, along with news the U.S. Treasury was to sell \$17.75 billion of debt this week, saw prices fall by 1/4 to 3/8 point.

In the primary sector of the market, attention centered on floating-rate notes. Issues totaling \$550 million were launched, all for U.S. financial institutions.

The largest was a \$200-million,

25-year note issue for First Bank Systems Inc., lead-managed by Morgan Guaranty Ltd. It pays 1/2 point over the three-month London interbank offered rate and has investor put options after 15 and 20 years. It ended on the market at about 99.72.

Riggs National Corp. issued \$100 million in notes maturing in 1996 and paying 3/16 point over three-month Libor. The issue has a minimum coupon of 5 1/2 percent and was quoted on the market at 99.05, with total fees of 11 1/2 basis points.

Homestead Savings & Loan Association issued \$150 million in 10-year collateralized notes incorporating the "mini-max" structure. The issue pays 3/16 point over three-month Libor and has a minimum coupon of 8 percent and maximum one of 13 percent.

It was quoted on the market by the lead manager, Credit Suisse First Boston Ltd., at 99.27, com-

pared with the 100-basis-point total fees.

Crossroads Federal Savings & Loan Association launched \$100 million in collateralized notes paying 1/2 point over three-month Libor. The 12-year notes will have a maximum coupon of 13 1/2 percent, which would apply after the third year.

The lead manager for the issue was Salomon Brothers International. The notes ended on the market at 99.30.

In the dollar-straight sector, Kansai Electric Power Co. issued \$100 million in bonds paying 10 1/2 percent a year over seven years and priced at 101 1/4.

United Technologies Corp. became the second borrower in the recently opened Eurodollar market with a 50-billion-lira bond paying 13 1/2 percent a year over five years. The par-priced issue was lead-managed by Banca Commerciale Italiana.

Monday's OTC Prices

NASDAQ prices as of 3 p.m. New York time. Via The Associated Press

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BOOKS

CHAMPION: Joe Louis, Black Hero in White America

By Chris Mead. 330 pages. \$18.95.
Charles Scribner's Sons, 597 Fifth Avenue,
New York, N.Y. 10017.

Reviewed by Robert W. Creamer

WHEN Joe Louis began fighting professionally in 1934, three years before he won the heavyweight championship, there were almost no black athletes prominent in American sports. There were no blacks in major league baseball, none in pro football and only a few in college football. A handful of blacks played college basketball, but the professional game as we know it did not exist. A few blacks had won Olympic gold medals (not including Jesse Owens, whose Berlin Olympics triumphs were still in the future), but track and field remained predominantly white, and even in boxing, blacks were not in great evidence.

Since the introduction of the Marquis of Queensberry rules in the 1870s, there had been only one black heavyweight champion — the controversial Jack Johnson. In the other weight divisions there had been more than 100 champions, but only eight had been black, and late in 1934 there were none.

Louis came into the corruption and mediocrity of boxing in the mid-1930s like a fresh breeze. The prestigious heavyweight crown had been won by white fighters, and Louis was able or unwilling to win consistently. Louis whose career began by happy coincidence on the Fourth of July entered this largely white world and in 18 months captured the imagination of the United States by winning 27 straight fights, 23 of them by knockouts. Before and after his stunning loss to Schmeling in June, 1936 — one of the most startling upsets in boxing history — he swept away the detritus of former champions by knocking out all five of his predecessors (Schmeling in the first

round of their famous rematch in June, 1938). He defended his championship 19 times in the first four years after he won it and 25 times in all before he abdicated in 1948.

The United States loves a winner, and it particularly loves a gracious winner. Louis was that, time after time exhibiting toward defeated opponents his innate sense of decency. He was a gracious loser, too, on the rare occasions when that happened. Even his disastrous comeback, which ended when a youthful Rocky Marciano knocked him out, 17 years after Louis's first pro fight, did not dim the esteem in which he was held.

The onslaught of World War II added to his luster. He joined the army a month after Pearl Harbor and was hailed as a prime example of American unity and patriotism. Black Americans loved him because of the vicarious satisfaction he gave in standing up to and defeating the white man again and again (few of Louis's opponents were black), and white Americans put him on a pedestal. More than Paul Robeson, Marian Anderson, A. Philip Randolph, Louis came to represent the Negro in white eyes. The often lurid white press in the beginning had described Louis as though he were an animal that had dropped from a tree. (Grantland Rice, a renowned columnist of the day, called him "a bush master," "a brown cobra," and referred to him as having "the speed of the jungle, the instinctive speed of the wild.") Now it patronized him, overlooking his faults and dwelling on his dignity and his good deeds.

"There never has been a heavyweight champion who has behaved better," wrote the "Chicago Tribune." "There are those who say he isn't very bright, but he has had enough education and he is bright enough to know where his duty lies."

Some black intellectuals resented white America's choice of a boxer as the symbol of its race while ignoring those better able to voice black needs and wants and attitudes. But Mead argues that Louis's accomplishments in the ring and his admired behavior out of it forced white America to "look" at the no longer invisible black man and to praise what it saw. If one black could command such recognition and respect from whites, then others could too. Ergo, the Federal Employment Practices Commission, Jackie Robinson, Brown vs. Board of Education, Rosa Parks, Dr. King, equal opportunity. The fight goes on, but, according to Mead, Louis got it going.

His account of Louis's career and personality draws heavily on earlier, livelier books about the fighter, but Mead's research, notably a detailed analysis of the racial bias in sports journalism 50 years ago, adds much to the story.

Robert W. Creamer is the author of "Bobo: The Legend Comes to Life" and "Stengel: His Life and Times." He wrote this review for The Washington Post.

CHESS

By Robert Byrne

THE 15th game of the world championship chess match between Anatoly Karpov and Gary Kasparov was the first time that Karpov had used the symmetrical Petrov Defense in this series.

When Karpov played 7... B-KN5 (in place of the normal move order with 7... B-K2) in the 28th game of their previous title match, Kasparov had played 8-R-K1, B-K2: 9 P-B4, N-B3 with an eventual draw. Now, seeing it again the challenger varied with the immediate 8 P-B4. This was not vulnerable to exploitation by 8... N-Q4?; 9 B-N3, P-B4: 10 Q-Q2, P-B4: 11 Q-Q2, P-B4: 12 Q-Q2, P-B4: 13 Q-Q2, P-B4: 14 Q-Q2, P-B4: 15 Q-Q2, P-B4: 16 Q-Q2, P-B4: 17 Q-Q2, P-B4: 18 Q-Q2, P-B4: 19 Q-Q2, P-B4: 20 Q-Q2, P-B4: 21 Q-Q2, P-B4: 22 Q-Q2, P-B4: 23 Q-Q2, P-B4: 24 Q-Q2, P-B4: 25 Q-Q2, P-B4: 26 Q-Q2, P-B4: 27 Q-Q2, P-B4: 28 Q-Q2, P-B4: 29 Q-Q2, P-B4: 30 Q-Q2, P-B4: 31 Q-Q2, P-B4: 32 Q-Q2, P-B4: 33 Q-Q2, P-B4: 34 Q-Q2, P-B4: 35 Q-Q2, P-B4: 36 Q-Q2, P-B4: 37 Q-Q2, P-B4: 38 Q-Q2, P-B4: 39 Q-Q2, P-B4: 40 Q-Q2, P-B4: 41 Q-Q2, P-B4: 42 Q-Q2, P-B4: 43 Q-Q2, P-B4: 44 Q-Q2, P-B4: 45 Q-Q2, P-B4: 46 Q-Q2, P-B4: 47 Q-Q2, P-B4: 48 Q-Q2, P-B4: 49 Q-Q2, P-B4: 50 Q-Q2, P-B4: 51 Q-Q2, P-B4: 52 Q-Q2, P-B4: 53 Q-Q2, P-B4: 54 Q-Q2, P-B4: 55 Q-Q2, P-B4: 56 Q-Q2, P-B4: 57 Q-Q2, P-B4: 58 Q-Q2, P-B4: 59 Q-Q2, P-B4: 60 Q-Q2, P-B4: 61 Q-Q2, P-B4: 62 Q-Q2, P-B4: 63 Q-Q2, P-B4: 64 Q-Q2, P-B4: 65 Q-Q2, P-B4: 66 Q-Q2, P-B4: 67 Q-Q2, P-B4: 68 Q-Q2, P-B4: 69 Q-Q2, P-B4: 70 Q-Q2, P-B4: 71 Q-Q2, P-B4: 72 Q-Q2, P-B4: 73 Q-Q2, P-B4: 74 Q-Q2, P-B4: 75 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Q-Q2, P-B4: 888 Q-Q2, P-B4: 889 Q-Q2, P-B4: 890 Q-Q2, P-B4: 891 Q-Q2, P-B4: 892 Q-Q2, P-B4: 89

SPORTS

It's a Knockout in Game 7: Royals Win the World Series, 11-0

By Gordon Edes

Los Angeles Times Service

ANSAS CITY, Missouri — The St. Louis Cardinals completed the Interstate-70 World Series on Sunday night with all the grace of a car on the highway, leaving bodies strewn as the carpet of Royals Stadium, John D. Flinn, then died, Whitey Herzog was sent to the hospital for stitches in his pitching arm, and the Cardinals won the Series.

Joey Votto, the Cardinals' first baseman, became the youngest to win the Series MVP award. His team became the first to win a Series after losing the first two games at home.

History also will record that the Cardinals lost just the fifth game to lose a Series after leading by three games to one, but by itself is embarrassing enough. So is

or Royals, Big Hearts, Good Times

By Malcolm Moran

New York Times Service

ANSAS CITY, Missouri — So

to describe the Kansas City

Royals' first World Series champi-

onship? Starting?

No, Hal McRae said, and

led. "But it's unbelievable."

But how could this group over-

come two consecutive three-game

disadvantages? A sense of

teamwork? A sense of fear? A resen-

tment from a feeling of being over-

looked? All of those things?

The clubhouse filled with screams

and champagne showers is usually

the place to seek perspective,

a sense of perspective is one of

the qualities that helped win a

World Series championship.

We didn't want to go home,"

said Pat Sheridan. "We won six

games when if we didn't win, we'd

go home. The heart in these

s is double-fisted."

It comes from us, I guess," said

Royals manager, Whitey Herzog.

He just tried to put

sure on ourselves. There's

a high pressure. When you're

winning, no one expects you to win.

It's easier to play. I don't know

it is. If you ask any pitcher,

always easier to pitch if you're

winning than when you're down

in the end, after the struggle to

come to the California Angels to

the American League West

championship, the three straight

victories to overcome 10

to force a seventh game

in St. Louis, the Royals were

puzzled by the sense of con-

fidence they felt before the game

last night.

When we got even," Frank

Herzog said, "we were going to take

it." "We knew we were going to win

it," Herzog said. "We just

knew we were going to win

it."

This coaching staff," said Char-

lie Leibrandt, the pitcher, "is all

positive, all upbeat. It's the kind of

team I like to play for. They gave

me the ball every five days. We just

didn't seem to get confident until

we found ourselves in that hole."

When Leibrandt allowed the two

runs in the ninth inning of Game 2,

all Herzog said to him was that he

would have another chance to pitch.

The catcher, Jim Sundberg,

could remember only two brief

periods when the Royals' pitchers

were inconsistent. The second one,

he said, ended with about a week to

go in the regular season. "When

they came back the last week,"

Sundberg said, "I knew we were in

business."

So what was the difference?

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runs in the ninth inning of Game 2,

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the fact that the highest-scoring team in the National League in 1985, the lowest average in the American League.

"That's almost a disgrace," said Herzog. "It was not the only one. In a fifth inning that

final, Herzog and his pitcher of the moment, Andujar, were ejected for arguing with and striking

calls with the home-plate umpire, Don Denkinger. It was the controversial "safe

call" at first base in the bottom of the ninth inning Sunday night that might have kept the

Cardinals from winning the Series in Game 6.

"That was the biggest disgrace I've ever seen," said one of the Cardinals, who requested anonymity, after Andujar had made a nationally

televised spectacle of himself by charging Denkinger twice and bumping him once. "When

you're down 10-0, you don't argue calls."

Andujar, a 20-game winner each of the last two seasons but reduced to a mop-up role Sunday night, was unrepentant for his actions,

which came when Denkinger called balls on two straight pitches to Jim Sundberg, the last on a 3-

and-2 count.

"I no sorry," Andujar said. "I had to do the right thing."

Herzog was ejected on the 2-and-2 pitch, becoming the first manager to be thrown out of a

World Series game since Billy Martin of the Yankees in 1976, and the first, period, in a

seventh game.

"I went out to keep Joaquin from being knocked out," said Herzog. "I didn't mind leav-

ing Andujar gone on the next pitch and had to be restrained by teammate Terry Pendleton

and a coach, Nick Leyva. Mike Rozke, the Cardinals' pitching coach, finally wrapped his

arms around Andujar and pulled him from the field.

Andujar was one of five pitchers Herzog used in the fifth inning, when the Royals scored six

times on seven hits, one walk and a wild pitch. The Royals had chased Tudor out of the game

by the third inning, when they took a 5-0 lead on Darryl Motley's two-run home run and Steve

Balboni's two-run single.

Shortly thereafter, the Cardinals' ace was on his way to the hospital for stitches in his pitch-

ing hand, having punched an electric fan in the dugout.

"I made a stupid mistake and cut myself — that's my personal business," said Tudor, who

had returned to the clubhouse by the end of the game and stood there with a towel wrapped

around his left hand, answering questions far longer than he had pitched.

Tudor's exit, in a season in which he had won

23 of his last 25 decisions — including two in the Series and one in the National League playoff

— was his earliest this year. The Mets had chased him after three innings on April 22, but

that was when he was still mortal, losing seven of his first eight decisions.

"There's nothing superhuman about me," he said. "I just go out there and throw strikes, and

let those guys," his teammates, "go out and play. I didn't do that tonight. I walked guys and I

gave up a home run."

"This game was lost when we got down early. For me, it came down to one ball game, and it

was a complete disaster. Call it a choke, call it whatever you want, but I didn't come through

when we needed it."

While the Cardinals were gradually turning from scarlet to crimson, Sabers' was a rhapsody in blue, throwing just 93 pitches while

allowing just five hits. He retired the last eight

Cardinals and finished with a 0.50 earned-run average in two complete games in the Series.

While others whined, Sabers' just won. "I would have been upset, too, if I wasn't getting my share of calls," he said. "But you

can't let it get to you. Joaquin let it get to him."

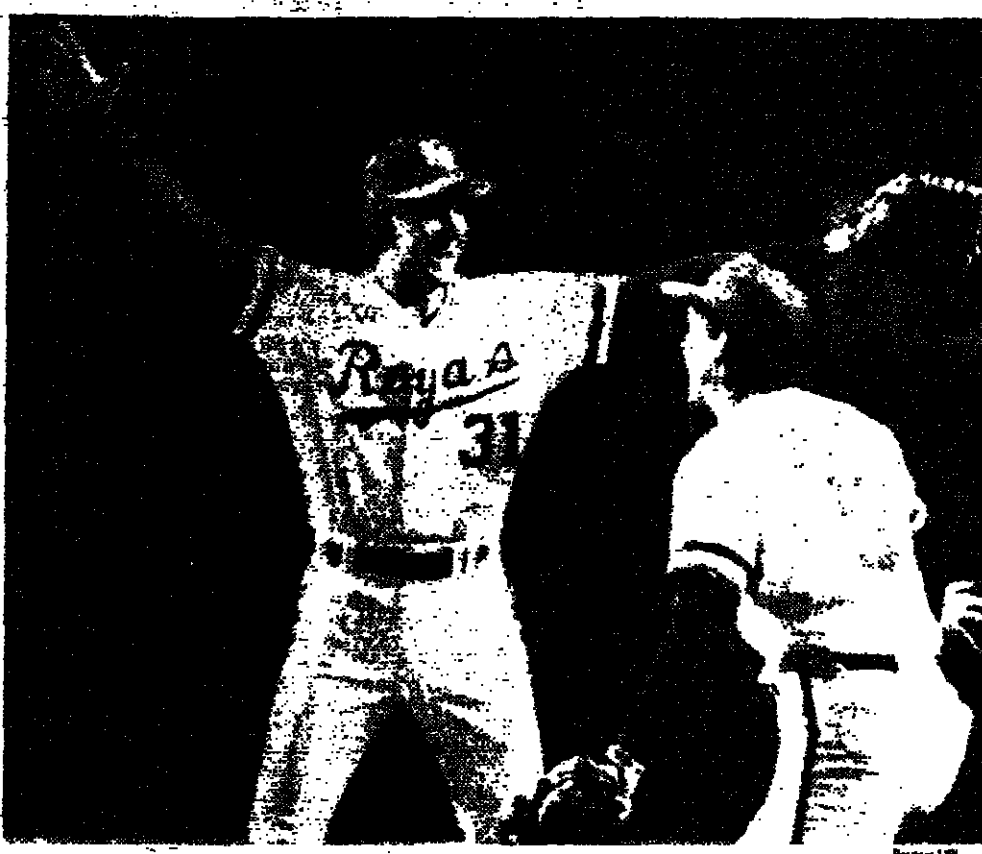
The Cardinals now have a winter to face the reality of not only losing, but of unraveling before millions.

"We saw things coming apart at the seams," said their left fielder, Tito Landrum. "And we're only human beings."

Can the Royals, he asked, "say the same thing wouldn't have happened to them?"

The Royals, however, have to answer to no one. They are the champions. They showed them all: the California Angels, whom they overtook for the AL West Division title; the

Toronto Blue Jays, whom they overtook for the league pennant; and, finally, even the Cardinals.



George Brett, the Royals' third baseman, was the first to congratulate Bret Saberhagen on his five-hit pitching after the final out gave their team its first World Series championship.

Cardinals Are Calmer In Defeat

By John Feinstein

Washington Post Service

KANSAS CITY, Missouri —

They were angrier on Saturday

night. Then, they felt they had been

robbed. Sunday night, they were

simply crushed.

And so, in the quiet of the St.

Louis Cardinals' clubhouse there

were few tears and fewer excuses.

In victory, this has often been a

sunny team. In the wake of that

swift, 11-0 defeat to the Kansas

City Royals in a memorable seventh

game of the World Series, they

were almost gracious.

"Even if we had won tonight, I'm

not sure I could honestly say we

were a better club," said John Tudor,

the first of the Cardinals' seven

pitchers in this game. "There's no

sense making excuses. It came

down to one game and it was a

complete disaster. The team need-

ed me tonight and I didn't produce.

It's tough to take."

It was so tough for Tudor, who

has won 23 of his previous 25 deci-

sions, that when he came out of the

game in the third inning he

smashed his left hand into a metal

fan in the dugout and had to be

taken to a nearby hospital for

stitches.

"I did a dumb, stupid thing," he

said. "I hurt myself and I shouldn't

have but it's my business."

Asked if he had ever done any-

thing similar in his baseball career,

Tudor said simply, "No."

As he spoke, as patient in defeat

as he had been impatient after vic-

tories in the past, his teammates

quietly walked around the locker

room, shaking hands, hugging, la-

menting.

Tommy Herr, who drove in 110

runs in the regular season but not

one in the Series, say back in

his locker stall, his head against the

wall, and fought back tears. "It's

hard to believe," he said. "After the

Season 11 runs," said Bret Sa-

berhagen, the beneficiary Sunday

night.

"Pitching," George Brett

screamed above the clubhouse

noise. "Pitching and Buddy Bla-

ncalana."

But perhaps Danny Jackson had

the answer. He was the winning

pitcher in the fifth game of both the

playoff and the Series, and provid-

ed the start of each comeback. Sun-

day night he was among the more

aggressive champagne shooters,

roaming the clubhouse, looking for

unsuspecting victims.

When he found one of the many,

his voice shrieked as he struck.

"We shocked the world," Jack-

son screamed, and no one argued.

Piniella Becomes Yankees' Manager

New York Times Service

KANSAS CITY, Missouri —

Lou Piniella, for years a hot-

tempered hitter, stepped into the Yan-

kees' managerial lava pit Sunday

by becoming the 14th manager in

George Steinbrenner's 13 years as

owner of the team.

A major league player for 16

years and the team's hitting coach

since he retired on June 17, 1984,

Piniella agreed to a one-year con-

tract after "certain compromises."

It was believed that one was a com-

mitment from Steinbrenner to re-

frain from interfering with the

team's on-field operation.

"I know it's a tough job," Pini-

ella said from New York in a con-

ference call with reporters. "But my

God, it wasn't easy playing here."

Clyde King, the general manag-

er, who was not fond of the dis-

missed Billy Martin or his style of

managing, said he had not talked

with Martin. Asked if anybody

from the Yankees had, he replied,

"I assume somebody talked to

him."

Joe Montana, who has not quite

resembled a Super Bowl quar-

terback this season, threw for 306

yards — the most given up by the

Rams this season — and three

touchdowns before leaving in the

third quarter with a sprained ster-

num. The injury was not consid-

ered serious.

And those 28 points exceeded by

one the number the Rams had

given up in seven previous games.

The 49ers' opening drive was

reminiscent of the kind of offensive

play that made them champions in

1982. Starting from their 21, they

picked up most of their yards in

medium-sized chunks, as Montana

completed 5 of 7 passes for 60

yards. The score came on the 14-

yard run by Craig.

After a punt, the 49ers started

again at the 12. This time they went

88 yards on 9 plays, scoring on the

9-yard pass play to Tyler.

By this time, Montana had com-

pleted 9 of 11 passes for 120 yards,

and the two touchdowns were the

first the Rams had given up all

season in the first quarter.

In other games, The Associated

Press reported.

